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PROGRESS, PROBLEMS OF EUROPEAN CURRENCY UNIT EXAMINED

West Berlin DIW WOCHENBERICHT in German 16 Aug 79 pp 337-342

[Text] Before the introduction of the European monetary system (EMS), monetary and legal problems dominated the discussion. It must doubtlessly be considered a success for integration that, on the whole, these problems were settled quite quickly. Important now is the question whether in the long run the system will be feasible and beneficial to integration from the economic aspect.

First impressions might deny this, because tensions occurred already in the early months. While initially the D-mark displayed a weakening trend, in May and June the Belgian franc and the Danish krone came under considerable pressure vis-a-vis the D-mark. The Belgian Government, in particular,--after achieving the "weakness threshold"¹--felt itself propelled by the EMS toward a raise in the interest rate, a measure running counter to growth. The tensions were caused by the fact that the Bundesbank sold dollars to prevent any further weakening of the D-mark and to maintain stability also raised the prime rate.

This seems to prove correct those critics who warned from the outset that the EMS would not be viable because strong differences still persist among the various EC countries both with respect to the economic conflict potential and to economic goals. Upholding the German stability target, for example, requires the D-mark to be further revalued. Insofar as this need for revaluation is met only vis-a-vis the U.S. dollar and other third currencies the partner countries in the EMS will be "carried along" and thereby suffer damage to their growth and employment policies. If the need for revaluation is to be met within the EMS also, the frequent realignment required in the key exchange rates would emasculate the system. In case of doubt, the argument runs, due to the Bundesbank's expanded duty to intervene, the Federal Republic will be unable fully to meet the revaluation need within the system, and the loss of the ability to achieve effective monetary controls would be bound to result in the unchecked importation of inflation.

It cannot be denied that considerable differences persist in the Community regarding economic target conflicts. The second graph provides a clear

illustration. It pictures the extent of realization achieved by the various EC countries in the average of the years 1975-1978 for important target variables--growth, price rise, unemployment rate--in every case as the multiple of the realizations achieved at the same time in the Federal Republic. Peaks outside the triangle of reference signify less favorable, those inside the triangle more favorable values than those achieved in the Federal Republic.² We see that only Ireland achieved greater growth and Luxembourg a lower rate of unemployment than in the Federal Republic. In all other cases the realizations in the partner countries were less favorable.

Nor can it be denied that governments and central banks are able to act with greater autonomy without the EMS than they can within its compelling framework. Nevertheless criticism misses the real point of the EMS. It is not the central concern of the system to defend reciprocal key exchange rates once they have been agreed on and thereby forego any room for maneuver; the system is called upon to coordinate economic policy. The EMS will be successful to the extent that it is able to adjust the national priorities of economic targets to one another and helps the countries with a greater conflict potential gradually to reduce tensions. Only if there is a constructive dialog will expectations on the foreign exchange market be steadied, interventions and short-term standby credits kept in suitable limits, key exchange rate realignments properly balanced, and the need for such adjustments gradually reduced.

We do have some evidence that the EMS thus conceived has definite potential. Proof is furnished on the one hand by the change in the attitudes of Britain and Italy, on the other by the actual convergence measures so far adopted within the scope of the system.

In past years overemphatic exchange rate movements (that is movements which exceeded the difference in inflation) had occurred between the EC countries Britain and Italy (who did not participate in the earlier "snake," the predecessor of the EMS) and the other countries of the Community. As a result of the "real" revaluation of the D-mark an additional stabilization effect had been achieved in the Federal Republic, because import prices in D-marks rose more slowly than the domestic price level, and some even declined in absolute terms. The devaluation countries experienced the reverse. To the extent that greater stability was produced in the Federal Republic, inflationary pressure there increased, because import prices rose faster than the domestic price level.³ In the average of 1976-1978, by the criterion of the consumer price index, the D-mark was revalued in real terms by 8 percent compared to the pound sterling and by no less than 16 percent compared to the lira. As the pound and the lira were also unduly devalued by comparison to other important currencies, the importation of inflation assumed drastic proportions in both countries and resulted in a self-perpetuating spiral of devaluation and inflation, fueled further by the expectations of foreign exchange dealers as well as of businesses and labor unions.

In Britain and Italy the undue exchange rate losses of pound and lira--especially in 1976--were not opposed because prevalent opinion held that growth

and employment could be permanently revived due to the competitive advantages arising therefrom. This led the critics of a European monetary system to fear that any additional line of credit facilitated by the EMS and which would increase the foreign trade scope, would promptly and completely be translated into a correspondingly more expansive monetary and fiscal policy. This development would be favored also by the circumstance that the interest benefit of such standby credits as compared to the harsher market conditions was bound to tempt potential recipients.⁴

Helpful Change in Priorities

In the meantime a fundamental change has occurred in the economic strategy of the two problem countries. The additional inflationary thrust caused by real devaluation soon required a more restrictive monetary and financial policy and, especially in Britain, made the pursuit of any income policy much harder. After long efforts--supported by increasing crude oil production--income policy had at last begun to bear fruit: Britain therefore did not call on the medium-term standby aid of the Community and even began early repayment of some long-term foreign loans. Italy also repaid, ahead of time, the medium-term standby loan granted in 1974. In fact, in 1978 both countries succeeded in greatly reducing the rate of inflation. Britain managed to do this despite a higher rate of growth--a reflection of the fact that the social dialog helped reduce the economic target conflict.

If there is a basic interest in price stabilization, the danger of the abuse of additional credit is small. Instead economic directives may, in such a situation, offer welcome assistance. From the aspect of integration it seems expedient therefore to use, as an effective tool for convergence within the scope of the EMS mechanism, the opportunity of constant dialog as well as of directives to the central bank and government of the borrowing country. Admittedly it might be objected that the change in economic policy occurred in Britain though that country, while aiming for membership, does not at this time participate in the EMS. Moreover, in connection with the 1976 syndicate loan brokered by the IMF, the country had actually accepted strict controls. Within the EC framework these correspond basically to the conditions imposed on Italy and Ireland in 1976 and 1977 respectively, when these countries were granted Community loans. We may claim, therefore, that this method has been successful at both supranational and international level.⁵ The directives issued here should not be equated with non-binding standard values acting as recommendations only; they are precisely quantified duties, observance of which is regularly checked within the framework of a supervisory procedure, and which are adjusted to the economic situation.⁶

However, despite the threat of losing the promised loans, there is always the possibility that the duties imposed cannot be fully discharged due to pressure exercised by the respective domestic and social balance of power. In fact in Britain right now the success of stabilization is threatened from the aspect of incomes policy. Adding to the problem is the rise in the value-added tax by no less than 7 points and the subsequent direct and indirect effects on inflation. The third graph standardizes for every EC

country the target realizations in 1978 and--where data are available--the winter half 1978/1978 to the respective average of the years 1975-1978. It shows that the target conflict, much alleviated in 1978, has recently turned far more acute. The current strength of the pound is obviously due more to the balance of payment relief afforded by North Sea oil than to the success of stabilization.

Incomes policy is largely a matter for the social groups. These therefore tend profoundly to distrust the EMS because--though officially alleging that government and bank of issue would be deprived of economic autonomy--they actually fear to lose influence in the distributive conflict. It is thus all the more important for the EC partners not to fail to back up the governments of the countries with a high rate of inflation.

We must also ask whether the EMS does not increase readiness for inner-Community fiscal adjustment. The DIW has repeatedly shown that true implementation of the economic and monetary union can hardly be achieved without an advanced transfer of resources to the economically weaker and/or regionally unbalanced EC countries. Only by such a transfer will it be possible to alleviate the conflict between the growth and stability targets in these countries and allow them to fully join in a consistent policy of stability.⁷ In fact the transfer of resources occupies pride of place in the overall EMS program package.⁸ Definite steps have actually been taken. For example the new interest subsidies for development loans to Ireland and Italy⁹ with an annual portion of 200 million ERE [European unit of account], included for the first time in the 1979 budget as planned. In addition the European Parliament voted a steep increase for the resources of the European regional fund. Though this measure has no direct connection with the EMS, it was certainly inspired by it.

Economic Instead of Prestige Considerations

It is these political incentives in the direction of European solidarity which alone provide the attraction of the system. This fact should not be disregarded despite the generally very complex technical regulations. To neglect these effects would mean an undue emphasis on economics in the process of integration. This does not mean that the basic economic concern--the greatest possible exchange rate stabilization--should not be the central assumption of day-to-day system management. The EMS must be able to prevent undue exchange rate fluctuations, that is it must, in the medium to long term strive to keep the real exchange ratio reasonably steady; it may not, however, operate without consideration for the economic conflict situations which will continue to vary for quite some time. A combination of exchange rate spans and peg-flexibility seems quite the most appropriate frame for this purpose. Yet earlier experiences indicate two dangers:

To begin with consultation and the coordination of economic measures do not yet go far enough; specifically we lack a unanimous approach to the dollar, which would make the system far less susceptible to disruption. That was

shown very clearly when the Belgian franc achieved the divergence threshold. Though, from a formal standpoint, economic coordination confirmed with the aid of the divergence indicator worked so well that the disruption was removed, we should not forget that the need to intervene was caused by the above mentioned uncoordinated package of Bundesbank measures. Quite properly, therefore, efforts are now under way for the improved coordination of exchange rate and interest policy; in addition the Council is currently dealing with various suggestions submitted by the Netherlands Government for the general improvement of the coordination of economic policies within the Community. In view of its advanced economic potential the Federal Republic has been assigned the key role of spokesman of stabilization without staggering.

Also in connection with the tensions between various EMS currencies some circles in the Community as well as national governments stated that, in the interest of the system's credibility, it was too early to realign the key rates of exchange. Here we have the problem of peg-flexibility: For prestige considerations the correct timing of the adjustment may be missed--to the exclusive benefit of the speculators.

Admittedly at the first serious test in May/June only the (prestige) argument was wrong; the decision not to realign the key exchange rates has been proven correct in the light of the exchange rate trend since, because actual convergence measures were adopted. In the long run, though, the system can work only if it is handled with economic rationale also. The economic rationale of foregoing the frequent correction of the key exchange rates consists in the fact that, in the short term, there is virtually no connection between the internal and external values of a currency. We saw this happening in the EMS when, initially, the D-mark tended to weakness vis-a-vis all other currencies involved, with the exception of the Belgian franc. It is demonstrated even more persuasively in the strength of the lira--quite unjustified by the domestic price atmosphere--in the total course of developments since the system was established. Moreover, as in the case of British North Sea oil, it is possible for structurally easing factors to be at work: Britain is currently hesitating about joining the exchange rate linkage not for reasons of weakness (as in the time of the "snake") but for reasons of unexpected strength.

In the long run it is indisputable, though, that the domestic value of a currency does influence its external value. Yet the wrong decisions might have the result that, due to defects in the analysis, the full extent of a short-term "anomaly" may not be recognized. The more credible the operation of the convergence of economic policies, the fewer will be speculation-related excesses and, consequently, the less the danger of wrong assessment. In how far this will also involve changes in the key exchange rates should be made to depend on the acceptability in the actual instance of the dosage of stabilization measures considered necessary to stabilize the exchange rate of the country concerned. An exchange rate adjustment thus arrived at might well deviate from long term requirements which usually become obvious only after the event. After all, it can be corrected at a later stage. This does assume, though, the routine nature of key exchange rate changes. Routine here

should not be equated with regularity. In the interest of steadiness on the foreign exchange markets it would be quite unsuitable for banks of issue and governments regularly to decide on realignments at their working sessions. Such a course would also appear contradictory from the factual aspect. Adjustment intervals cannot be generally figured; they vary and are determined by the respective conflict situation. In cases of doubt, however, a period ranging from 6-9 months should not be considered too short.

FOOTNOTES

1. The threshold is set at 75 percent of the maximum permitted deviation from the key exchange rate of the ECU [European currency unit], that unit of account initially identical with the European basket unit of account ERM, which represents the central bank-like basis of the system.
2. For the BIP the respective reciprocal values were used as the basis of the growth rate because in the graphs (just as for the unemployment rate and inflation) this is the only way for a smaller distance from zero to reflect a more favorable target realization.
3. The consumer price index includes price-sensitive "non tradeables" and is therefore excessive by comparison to the "tradeables,"--also because it already takes into account the above-proportionate higher priced imports. This emphasizes the devaluation effect. On the other hand, within the group of the "tradeables," import prices may rise less than domestic prices. The calculation should therefore be regarded as a model only.
4. See H. Lehment, "The Bremen Plan for a European Monetary System--Return to Bretton Woods?" KIELER DISKUSSIONSBEITRÄGE No 59, October 1978.
5. See also H. Mayrzedt, "Experiences Gained in Multilateral Economic Diplomacy Between Western Industrial Countries," AUSSENWIRTSCHAFT No 3, September 1978, especially p 271.
6. For the region of the Community see, for example, the Council decision of 10 October 1978 on the adjustment of the decision 77/359/EEC on economic requirements with reference to the Republic of Italy (78/840/EEC). AMTSBLATT DER EG No L 291, 17 October 1978, pp 12 ff.
7. To be effective in the medium term such a transfer would have to achieve a dimension of about 3 billion ERM (nearly DM8 billion) per annum. See Fritz Franzmeyer and Bernhard Seidel, "On the Investment and Financing Needs of an Employment-Oriented European Fiscal Adjustment--Budgetary Redistribution Effects and Integration Impulses in a Pre-Federal Stage of the European Community," VIERTELJAHRSSCHRIFTE ZUR WIRTSCHAFTSFORSCHUNG DES DIW No 2/1979.
8. See European Council Decision of 5 December 1978 on the Establishment of the European Monetary System (EMS) and connected issues. Reprinted in,

among others, the collection of texts on the European Monetary System, issued by the committee of central bank presidents of EC member countries and the European Fund for Monetary Cooperation, 1979, pp 49 ff.

9. A total of 5 billion ERE in 5 years.

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VU'S SCHILTZ STEPS DOWN, ADDRESSES FLEMISH MOVEMENT

Brussels KNACK in Flemish 4 Jul 79 pp 12-15

[This is a policy statement by Hugo Schiltz, the leader of the People's Union (VU), on the occasion of his resignation. The statement was worked out in the editorial offices of KNACK by Schiltz himself.]

[Text] What I Want To Say to the Flemings

Two weeks ago, Hugo Schiltz let it be known that on 15 September he will lay down the chairmanship of the People's Union. After all, he cannot get along well enough, he says, with the party leadership as it has been laid down around him and which is too far removed from politics as he wants to practice it. The report of this coming resignation has largely disturbed the tempo of our political halls. Since we will be facing a moral and tactical collapse of the VU, that can bring about a chain reaction which carries through to all of the parties which are collaborating in the state reform. It is not yet completely clear how the VU sees its own political future; without Schiltz, or with Schiltz helping out from behind the scenes, or with a Schiltz who, after the shock wave of his after all honorable resignation, has been asked to continue to function as well as he can.

In the expression of greater clarity about that, he has since undertaken at our request a comprehensive explanation of his political course and of his major motives. To this end he came to us to spend hours working at the composition of a kind of profession of faith, a plea for tomorrow. It sounds a bit like that song by Frank Sinatra: "For better or worse, I did it my way."

The Flemish movement is in confusion, that much is certainly clear today. My request for the party to discuss its own political future clearly and forcibly as soon as possible will contribute to that confusion being of as short a duration as possible. I have been meeting too many people lately in politics, too many Flemings, who can no longer see any clarity, or should I say feel any?

They seem to find it difficult to find a political position in which they do not feel themselves to be placed in a minority position, are not oppressed,

or in some similar situation. I feel that along with this feeling of being the "powerless giant" (is it masochism?) they also want to debase the French-speakers, bring them to their knees, defeat them. It is a political position which must go down in defeat, for anyone who demands the upper hand and who offers his opponent no way out in which the opponent does not stand to lose face doubts his own worth and his own power. Anyone who only wants to win in a defiant way has no basis for decent politics. I myself, and the men who stood around me, have followed a different course in the past years: We have never given the French-speakers the feeling that we were the underdogs and we have not wanted to drive them into a corner. We operated on the principle that we were all reasonable men, who could point out clearly to what extent we could make concessions and where we could not. We set forth simple, precise limits by which everyone had to abide.

In all of that we remained quietly aware that the practice of rational politics does not of itself lead to success for anyone who must deal with our French-speaking compatriots. We now have a neighboring people who found during the French Revolution that they carry their homeland around with them in a knapsack and who niggle at all boundaries. A French-speaker who crosses a boundary at once feels uncomfortable. He will always try to do away with the boundary. From the moment that he finds a calm and assured power opposite him, that is not dangerous. How can a Flanders of more than six million inhabitants feel itself threatened by the fact that there are twenty or thirty thousand French-speakers who want to break in? During the so-called "castle nights" in Lambermont and during the entire process of the preparation of Proposition 461, we have operated on a basis of planned regulation of conflicts along with three Flemish parties. Apparently not all Flemings like this method of operation, because it does not involve suffering and fighting. I have fought against that philosophy of the heroic oppressed all of my life. My heritage, my first impressions of social life, and my personal experience have established that political philosophy and I will never be able to say farewell to it.

I come from three generations of stubborn, independent people who sat in the Meeting Party, in the Flemish Front or among the Daensists. My forbears were frank, steady citizens and they never allowed themselves to be incapsulated. They had always been Flemish and they always defended themselves against the notion that to be a Fleming was to be under a mortgage that should oppress anyone's life. This last also intrigued me, and from my childhood on I felt that the dilemma between Frans van Cauwelaert and the federalists from a very early age. I always asked myself, how can it be possible that the majority in this country lets itself be oppressed? It made me mad that to exist in my milieu, that to be Flemish-minded did in fact mean accepting the social contract, that life took place in an enthralling and valuable world, but that true events of society took place on a higher plane. My anger, my motivation, lay in the understanding of the under-utilization of human value, of the non-acceptance of the nobility and strength we possess.

My great shock came after what they call the Liberation. In those days and during those events I saw how the Flemings were mistreated. Not long ago I found some notebooks that I had filled up as a college student of 16 with the question: What must all this lead to? What do they take us for? I also noted down the problem of whether the Flemish movement were not burdened too heavily by emotions. I then began to ask myself seriously whether the rational side were not too much ignored.

At about the same time, men were watching our house. They came knocking at the door and tried to intimidate our family. I, who had been the strongest member of the youth movement Blauwvoetvrienden, was reported to an administrative service and was arrested on the spot.

I sat in jail about 2 months until my father got me freed on a legal technicality. During that time I saw men tortured with knives, cigarettes and whips, while nurses from somewhat better social positions looked on. I also found that people who had talked very loud during the war years took no stand under trial while the little Davidsfonds members, the teachers and householders sometimes showed strong powers of moral resistance. I came out of that with the feeling: they will never do this to us again. The Flemings must be spared any repetition of such things. We must arrive at a position in which the feelings which brought us to this pass must never be allowed to play a part again. I found that we must apply that feeling extremely sharply in order to achieve what we want: to be born and die in Flanders and to give your full measure to society without having that means that you are on a lower scale than others. That our artists no longer be hung in parochial galleries or shown in improvised, second-rank exhibits, for they are worth just as much and must also be shown in Brussels and Antwerp and be placed on the world market with all of the force of our society behind them.

That episode was important to me in this sense: that I myself, the Blauwvoet boy, felt myself mistreated. Not that I did not believe in the inspiration of the men who had led me, but that I discovered how weak their method was, and how people had applied an extraordinarily great human potential to absolutely useless and not always clean goals. I can now certainly provide an explanation for the causes of that lack of growth, the complete lack of a political historical tradition since the pacification of Gent, the fact that many generations had lived in a straight jacket, that a population had come up out of that which had a position as regards the state and society of profiting by it when the chance arose or of staying out of it and never laying a finger on it. But to explain is not to say that you are satisfied. Our people have experienced enough under its nearly religious servility and during its incapacity to have undertaken a stubborn rebellion and to have turned back history, as, indeed, other small peoples have done.

Then I decided once and for all to stand up for a mentality in which one can be a serious, outstanding Fleming, but in which that is a self-explanatory position for which no one is socially censured. After all, I was attending an outstanding Flemish and democratic Jesuit college in Antwerp with the best

teachers, certainly superior men who gave us a feeling of our own worth without stint. It did occur to me that all that my grandfather had done, up to and including organizing Song Evenings for the People, had led to libraries full of fighting books, but never to the influencing of the power. The Belgian state really continued undisturbed by the language struggle. And the phenomenon remained undisturbed, even in my own family, that those who drifted away from the radical Flemish line got along further in life. They married better, generally moved to Brussels, got along better in their own business or in a good profession or in artistic recognition.

The goal, so they taught us, was the emancipation of the Flemish society. It must become a political structure, but they did not teach us just exactly how to bring that about. As a grammar-school student, I had already begun to get together groups of people about the idea: we are the Flemings of tomorrow and we will have to know what we are doing. As a higher student in Leuven I devoured masses of literature, organized half-illegal activities, discussions and demonstrations, but I also studied law, economics and Thomistic logic. Good professors like Eyskens, Pinxten and Coppe strengthened me in the belief that the development of a people takes place through quite concrete and real deeds. I was naturally going to go into politics, as I had known since I had been in grade school.

My entry into and stay in politics forced me into a number of choices, just as it does anyone in a similar case. I knew that there were several social divisions among the Flemish people, just as there are among every people. The Jesuits had already sent us into the slum areas of Antwerp to look around and talk. They were certainly trying to stimulate our charitable sensitivity, but they also forced us to make an analysis of chance poverty and the characteristics of the proletariat. Twice during the long vacation I went to live and work among the unschooled workers. I climbed up and down ladders with bricks on my shoulder as a mason's helper. I went into the Andre Dumont mine to hack out coal underground, to the limit of what I could stand physically. I sat there among Ukrainians, Poles, German prisoners of war, Belgian felons, cast-offs, people on the bottom. The world of the night shift. I did that to check the social teachings of the church, in which I had been raised, and out of an interest in finding out what the human condition is. And I had to find an answer to the question: what values at all can be applied to these people, who are also part of our people?

The answer came down to this: The concept of "people" in which we have been brought up and for which we had been motivated is not just an abstract concept. It is, indeed, something that has to do with language, culture and nation, but also something that lives, that has flesh and blood, with all miseries, small joys, small successes, small and large sorrows. "People" is also that troop of humans who sit together on this small area of ground like a writhing ball of twine. Then I learned to understand: look, when someone says "people," that is what it means.

At the same time I opted for what they call the solidarity model, and not for the class struggle. I would not look at the concept of the people through rose colored glasses and deny the social conflicts of interests, but I believe that there is also a unity and a communality which entails solidarity and a mutual responsibility, particularly from the top down. I have found this unity in the Flemish Movement, even to a greater degree than in the Christian Democratic movement. In this movement I have found that the lowest placed worker is not moved so much by the differences of income or property, of which he is informed by his union leaders, but that what is essential to him is his worthiness. He doesn't want to go sit in the Hilton to be satisfied, but instead to be respected. In my opinion, that respect has always lain in Flemish nationalism. I am persuaded that a solidarity model is possible in a society, and if it is not used dishonorably in order to swindle, that it is a better one than the class struggle.

There was one more choice to make. My generation had to carry out its plan after the solution of the question of whether we were to do that via the traditional parties, and for most of us that came down to the CVP, or whether we ought to follow the path of a nationalistic party; which would be the most valid power factor: the long march through the institutions or renovation? It took me a number of years to cut through that knot.

After the university I did my military service in Luik as a staff officer in the artillery. I did not just learn military map-reading and triangulation, but also the typical Belgian situation of "pour les flamands la meme chose" and of youths of the people who had to serve 2 years on their own feet. It was while I was still under the influence of that that I began my career as an attorney. During the day I worked for an attorney who worked me very hard but who could plead a case just as well, and evenings after 1900 hours I received my own first clients in the living room of my parents' residence, with a shingle on the door jamb: Hugo Schiltz, Attorney. After 2 years I was able to marry and earn my own bread. After 5 years I was able to buy my own home. I remained a member of the leadership in a couple of organizations. In this way, everything was going along pretty well, but I continued to find out how difficult it was to correspond in Dutch with the big insurance companies, with the financial world and thus with the power.

In that period I read the work of Albert Camus. I immersed myself in his laicist social engagement, apart from the charitable and apart from the almost religious-seeming visions of society. I read how the believing pastor and the free-thinking doctor, both quarantened in a plague city, came to the same conclusion from different motives and found the motivation within themselves to do what they had to do. The bare fact of being a human carries its own consequences whether they are desired or not. Under the influence of Camus, I came to understand that I might just as well have been born in Catalonia. Then I would have had to assume my responsibilities there, to put my grey matter, my hormones, and my body to use there. Therefore, I am a Fleming, not because I am persuaded that there is anything superior about Flemings, but because my lot was cast here. It was in these circles that

I must show my human worth, just as everyone must do who has arrived at the same conclusions as Camus. For me, that is the moral basis for nationalism.

The choice of putting that into practice was forced on me prematurely and under the pressure of circumstances. In the 1950's, shortly after the school battle, the young Volksunie, with its one member of parliament, Frans Van Der Elst, hesitated to enter the municipal council elections and to turn against the catholic camp which had fought for its education. In the Antwerp CVP [Social Christian Party] they looked, not unnaturally, for an odd bird who could represent nationalism on their ticket and who could run as an independent character. I was no member of the VU, but people knew me from the Flemish student movement in Leuven and so on. I met the requirements for the CVP's ticket and was elected to the Antwerp city council in 1958 and I learned there how the Christian Democrats were all jumbled together with a melting pot of interest groups comprising the well-off, labor unions, trades people, church institutions and so on. On the other hand, I consorted publicly with the Volksunie in Antwerp, a popular organization with many members from among the people. In that special position I saw the way the Flemish motif in the then CVP was subordinated to a series of other interests of which the Flemish were entirely unaware, but which were assigned a much greater weight: the sick funds, the schools, the control of a university, the direction of dioceses.

I came to the conclusion that to say what I wanted to say, and to do what I wanted to do, I would have to go over to the VU [Volksunie, (Flemish) People's Union]. I also got to know Frans Van Der Elst by way of the Flemish Committee for Federalism, and came under the influence both of his intelligence and rationality and of his ability to speak from the heart. He seemed to be a bold, heroic politician when I met him at a VU leadership meeting in Brussels. I left the Antwerp Christian Democrats in an unmistakable way and in October 1964, I was elected to the council as a VU member. I took a particular interest in the harbor question and in the establishment of the Antwerp University. Very quickly there came to be tension between myself and people like Karel Dillen, who eventually left the party and started Were Di [the Dutch Were Di is given as the "Union of Dutch Working Communities" in the November 1977 Reference Aid, there is no listing there for a Belgian Were Di, but it is presumably the Union of Flemish Working Communities]. I had the feeling that these nationalists were too fascinated with the concept of the people as a rather abstract value, as an exalted interpretation of history. They think in a predetermined pattern, without asking themselves how it will have to be applied in practice. Furthermore, they see leadership as a much too moralizing function at the top of a pyramid of authority where there are individuals who puzzle out and say what is good for the people. All of that is based essentially on an antipolitical position, on a rejection of politics.

Politics, on the other hand, requires an understanding of the constitution. The politician must know how the Belgian state is really composed, how it functions, and how it really can be used. That is quite a bit more difficult than throwing slogans at the Church, capital, and the court. And while they

were sounding off in a few meeting halls full of militants, Flanders came off particularly poorly in the first, partially secret confrontation with the French speakers at Hertoginnedal in 1963. For the first time we "came to the point"; we went to the conference tables, and we wound up coming out as losers. Once again I wondered, how can it be possible?

I quickly became a member of the party leadership and noticed, although not very clearly, that there are quite a few VU members who are burdened with the notion that their party must take part fully in the political game, that it must seek electoral power and if possible also governing power. That is, that the Flemish question calls for a purely political answer. I must say that the party as a whole adopted the idea very speedily. It experienced a period of great growth, of 20 and 30-year-olds who joined up en masse and who really formed a quite optimistic and unburdened generation of Flemings. Chapters sprang up out of the ground like mushrooms. There was a stream, a flood, a national awakening. Towards the end of the 1960's our great options and our substantial composition were brought to completion by means of important congresses: pluralism, the interpretation of society, the security of the Flemish society, and strengthening the process of democratic decision making. We finally had a complete party, multidimensional and modern. We were no longer sore about the past, we were not exclusively occupied with the question of repression, but we were anxious for a big round of negotiations with the French-speakers, for a Camp David for Belgium. The big goal became: to reach an accommodation with the French-speakers that would be equitable for everyone.

We attained successes. We gained many new men like Coppieters, Mlk Babylon, and the rest. But all at once the constitutional reform of 1970 was cast at our feet. We reacted furiously and we told the Eyskens government: you are putting the cart before the horse, you are selling the Flemish majority without getting anything in return, you are making a fool out of the Belgian state, your system will not work. That was fully grasped on the other side, too. Although Freddy Terwagne did come to talk with us once, his colleague Leo Tindemans did not. The first sporadic contacts with Andre Cools came into being. But nothing much was done in Flanders. Many Flemish leaders were too worked up about cultural autonomy or about a court of appeals in Antwerp to battle the national reform. So we seem to have organized the marches on Brussels and the big Flemish demonstrations just to do nothing with that imposing power and energy. The Flemish movement was becalmed. Aside from a motion now and again, nothing much was done. Anyone who thinks a little bit strategically can see how sterily and fruitlessly things worked out.

As soon as the long-awaited Cultural Council, which was supposed to buy off so many undesirable provisions in the new constitution, began to function, the flop became clear. Then came the Leburton government, the political rise of francophone Brussels, and the deepening of the Walloon economic crisis. The CVP began to get well. Wilfried Martens appeared and organized, revitalized and modernized the party. And in 1974, the VU saw the vague handwriting on the wall: the elections showed a slight decline. In the party I said:

the time for the VU's direct participation in the government and in a new set of communitary negotiations is now fully ripe. Many hesitated. They found my methods reckless, perhaps, or ambitious. But the party leadership, which I had come to lead in the meantime, finally followed the hypothesis: we must try to play the game in such a way as to be able to set our own conditions as well in a general agreement with the French-speakers, after contact with their political leaders.

In that way I began a long, solitary struggle in 1976. Finally, thanks to Willy Claes and his strength of imagination, I got the mood of the Flemish socialists. That, in turn, gave me the opportunity to talk to Cools. The objectives came to be clear, the parallelisms, the false historical interpretations (such as that the VU was a party of former felons). The Flemish CVP leadership brought me close to Nothomb, the last link. The first one to state publicly that the VU must gain access to political responsibility was PVV [Party of Liberty and Progress] chairman Frans Grootjans. And we ourselves felt that we were right on top of our goal. In Steenokkerzeel in 1974, we were allowed to participate in the negotiations so as to be able to form a majority without the socialists. But then it was a question of another state, of a pure solution, despite the old constitution from which we were to negotiate. We found the formula of the individual-related measurement of Brussels, so that we could get out of the sterile discussion of bi-partiteness or tri-partiteness [Flanders and Walonia or Flanders, Brussels and Walonia]. I repeated constantly to the French-speakers that as soon as the Flemings got a strong arm in Brussels so as to be able to defend their own people so that they could no longer be governed against, a peace treaty was possible. It was a very intense period. I experienced the building of a bridge to the socialists as a historic event. I finally began to try to find out how the socio-economic dossiers could be used within the framework of the resolution of conflicts.

Something which may never happen again, the six Fgmont parties around the table, the great plan, mysteriously (I still do not completely understand why) was transformed in the last 2 weeks of the second Tindemans cabinet. Then we bogged down in an atmosphere of mistrust and intrigue which has not yet dissipated.

Then the blow of the 1978 elections struck the VU. The tragedy of it was that, in part as a result of the activities of the media in Flanders, the Volksunie was no longer regarded as an obviously trustworthy Flemish party. Its popular base lost its self-confidence. That process was accelerated even further by the happenstance, unlucky for us, of the European elections, in which we could not have done well under any circumstances. After the 10th of June, the discouragement changed into a sort of panic. Still, our participation in the negotiations of 1977 and 1978 was justified. Proposition 461 was something valuable as a break in the dyke, as an overture to further evolution, as an historic step in the direction in which Belgium could develop further. I thought: finally, here come political structures for our people.

Take them, and do something with them! Expand their content, make the most of them. But people began to fight the instruments and they no longer saw the value of the structures.

What now? The worst thing that threatens to happen is that the Flemish movement and its greatest political expression, which the VU still remains, should disappear in self-accusation and underdog methods. The party must know about where it wants to go, without being chased there and without falling into the nervelessness of electoral anxiety, not just keep jammering about a Nols or about a De Voer, but act like the representatives of 6 million modern Flemings, who naturally know what can be accomplished by law and what cannot. In the near future there must be a brutal and hard party congress. The grass roots of the party must speak there. It is not just me. If anyone can be found who can lead the party, without the stigma of the past years, that will be good. I will not leave him in the lurch. I will not desert the ship, anyone who knows me knows that. If need be, I will work quietly and in the background and lend my best advice. But the party must say what it wants out loud and pick out the men who can make it happen.

6940

CSO: 3105

COOPERATION AMONG FAEROESE GOVERNMENT PARTIES BREAKS DOWN

Helsinki HUFVUDSTADSBLADET in Swedish 31 Jul 79 p 5

[Text] Copenhagen (HUFVUDSTADSBLADET--Sigyn Alenius). The Faeroe Government crisis about increased state control of shipping abroad was placed on ice by the spokesman for the national government--the prime minister on the islands--the Social Democrat Atli Dam this Monday. Dam explained that the cooperation between the three parties in the coalition has been dissolved, but he does not intend to present proposals for new elections until after August 10.

"The pause should namely be used to solve a series of economic problems important for the negotiations," said Dam. "These problems pertain to the current restructuring of the islands' most important industry, fishing, which has got into great difficulties since a large number of countries have extended their fishing boundaries. The Faeroe fishermen have thus been prohibited outside Canada, Greenland and in the North Sea. At the same time the fishing has been struck by the price increases on oil, which is raw material No 1 for the fisheries.

The fishermen now demand compensation. The parties generally agree that they need support, but the question is how the money is to be obtained and where the help should possibly be directed: to the owners of the fishing vessels or to the wage earners employed on board. Here the debate will run along a liberal-conservative line.

New Coalition?

In connection with this debate there are dreams about a new coalition formation which would give the nonsocialists the leadership again after several years of Social Democratic rule. The present coalition has thus been dissolved by Dam. It is conceivable that one of the coalition parties, the Republicans, which has oscillated between the nonsocialists and the Social Democrats all the time, will now make their seats available for a new nonsocialist coalition. In that case, the question of independence would become of interest again--the largest nonsocialist party, which in that case would get the job of prime minister, is called the Union Party and is, as the name indicates, against any effort at freeing the Faeroe Islands from the parent country, Denmark.

PROPOSED FERRY-BOAT PURCHASE STRAINS FAEROESE COALITION

Helsinki HUFVUDSTADSBLADET in Swedish 30 Jul 79 p 3

[Text] Copenhagen (Sigyn Alenius). On the Faeroe Islands a battle has started which formally pertains to state purchase of a ferry, but it actually involves the state's right to compete with private shipping owners. The Faeroese have become so excited that it looks like the whole thing will end with new elections. Monday will be crucial.

The Faeroe lagting--the home parliament--has a nonsocialist majority. Landstyret, i.e., the government, consists of three parties, the Social Democrats (23 percent of the seats), the nonsocialist, center-right--Peoples Party (18 percent) and the Republican Party (20 percent), which formally stands to the left of both of the other two and has actually been the axle around which the entire government cooperation has turned. The ideologies of the three parties are extremely different, and there has been strong friction in the government cooperation for some time. Now all indications are that it will break down.

The spokesman for Landstyret, the "prime minister" of the Faeroe Islands, Atli Dam, will present his government program Monday when Representative Council starts its fall session. This includes a demand that the state purchase a ferry for 30 million mark. It will be used partly in transport between the islands, but--and this is where the principal problem arises--it will also take care of part of the foreign communications including the economically advantageous freight shipping.

The connections between the islands are not profitable. On the other hand, money can be made on the traffic abroad, which now is being handled by Faeroe private shipping companies. These companies are now strongly against letting the state "deprive them of their livelihood."

Wronged Island

Atli Dam says the reason for his proposal is that the second most important island in the group of islands, Sudro (the most important island is Stromo, where the capital Thorshavn lies), has been wronged with respect to

communications especially during the summer months when the state ferries have been used as required also on traffic abroad and the people living on Sudero have had to make do with fewer connections.

However, Atli Dam had not expected such strong resistance from the non-socialist parties, which look at his proposal as a clear threat against the freedom of the private shipping companies to bring in the income which is available on foreign traffic. The proposal is important to Dam. He has turned it into a cabinet question. On Monday he will either have to resign or order new elections.

If Representative Council is dissolved, it will be the first time that a lagting on the Faeroe Islands has been dissolved prematurely. All lagting since home rule was introduced in 1948 have sat out their entire 4-year periods.

Dam has been an excellent leader for the Faeroe Islands. For one thing, his connections with the European Community area have been taken care of very well, and under his leadership the Faeroe Islands have obtained an advantageous trade agreement. He will be difficult to replace.

8958

CSO: 3109

DENMARK THREATENED BY NEW ECONOMIC CRISIS

Stockholm SVENSKA DAGBLADET in Swedish 9 Aug 79 p 7

[Article by Per Sabroe: "Denmark. New Crisis for the Economy"]

[Text] Copenhagen. A new serious economic crisis with new taxes and other burdens for the Danes is threatening Denmark.

It is only 5 weeks ago that the government carried out the so far largest economic tightening up with taxes on gasoline and cigarettes.

"But it is not sufficient," says the director of Denmark's National Bank, Erik Hoffmeyer. "New efforts are required to decrease Denmark's large deficits in foreign payments. The oil prices alone will make the deficit grow to 12 billion Danish kroner in 1979.

Internal Strife

But the need for an economic tightening up may result in great strife internally between the Social Democrats and the Liberals. The latter want to lower the index regulation. The Social Democrats do not want to hear talk about this, and the Danish Federation of Trade Unions has explained that they do not plan to tolerate any new intervention in the income because wages have not been increased enough.

The Social Democrats in turn talk about the possibilities for looking over and limiting the declaration tax, and this can be difficult to accept for the Liberals.

But first the Danes must wait until October, and in the meantime the foreign debt is growing.

In order to manage, Denmark has been forced to conclude negotiations this week about a foreign loan for \$500 million.

8958

CSO: 3109

LAMBSDORFF INTERVIEWED ON MEETING TOKYO ENERGY PLEDGES

Hamburg DER SPIEGEL in German 27 Aug 79 pp 22-23

[Interview with Otto Graf Lambsdorff, FRG minister for economics]

[Text] [SPIEGEL] The Federal Republic has accepted the international obligation in 1979 to save 5 percent of its planned oil consumption. In fact, though, consumption rose by about 3 percent in the first 6 months. Is Bonn breaking its word?

[Lambsdorff] When the target for savings was agreed, all those involved were aware that it would be very difficult indeed in this year to achieve a target not set until March...

[SPIEGEL] ...but nobody said so at the time.

[Lambsdorff] At our urging a clause was inserted in the agreement, to the effect that the different potential for savings in the various countries, especially the different economic development, should be taken into consideration.

[SPIEGEL] Is this going to be your excuse at the end of the year?

[Lambsdorff] It is no excuse. In 1979 the Federal Republic will most likely manage a 4 percent growth, a rate we were indeed asked to achieve at the Bonn economic summit.

[SPIEGEL] Bonn will therefore fail this year to meet the 5 percent target?

[Lambsdorff] I assume that hardly any of the major member countries of the International Energy Agency will fully meet the 5 percent requirement as early as 1979.

[SPIEGEL] So far you have blocked all drastic proposals for savings, such as a speed limit or a ban on driving on certain days. At the end of the year will not Bonn have to accept a rebuke for not having done enough?

[Lambsdorff] Certainly not. I consider it rather arrogant simply to ignore the sensible behavior of our motorists.

[SPIEGEL] Evidently the adult citizen is not reasonable. In July 6 percent more gasoline was used in driving than in July 1978. Reason seems to fall short, especially when gasoline prices settle down as they are doing now.

[Lambsdorff] The nuisance value of a price of DM1.10 per liter is great enough to motivate drivers to take their heavy foot off the gas pedal. Two pfennig more or less do not make much difference here.

[SPIEGEL] Your colleague, Research Minister Volker Hauff, has just repeated that restrictions on driving are imperative. He thinks that he might be able to prevail over you after all, at the next meeting of the cabinet energy committee to be held on 6 September.

[Lambsdorff] Far be it from me to rob Hauff of his optimism, but I simply will not comment. As far as I am concerned, the bone has been gnawed clean.

[SPIEGEL] At the last meeting of the energy committee you promised Hauff that you would study sanctions on industry also—possibly a penalty for industrial plants which fail to recover waste heat.

[Lambsdorff] Precisely this suggestion requires very careful study: What would be its structural effects? Would it not mean that factories far from conurbations and therefore unable to feed their waste heat into the public network would be financially penalized?

[SPIEGEL] Hauff also intends once more to submit his concept of an energy consumption directive. This would, for example, obligate the manufacturers of household appliances to observe certain consumption standards.

[Lambsdorff] This topic presents many legal and political pitfalls with regard to the EEC. This is a matter which can be introduced only in the long term, if at all.

[SPIEGEL] Is it then impossible to ask industry to do that which building owners are already compelled to do? Insulation of housing is a duty—quite rightly. But insulation of washers is not required.

[Lambsdorff] Your very question shows that you are badly underestimating the market mechanism. Industry in general, just as the car industry does already, will have a vested interest in using the argument of economical energy consumption in its advertising. Nowadays car advertisements use heavy capital letters to show the low gas consumption of the various models. It used to be the maximum speed. The same is going to happen in the case of household appliances.

[SPIEGEL] Building owners have already complained that they are compelled to give up their comfortable laissez-faire and will be made to install thermostats.

[Lambsdorff] It is not the building owners who complain about restraints on the market economy, it is the Association of Building and Real Estate Owners. Everybody knows that renters draw the short end of the stick in the matter of heating costs. I consider it compatible with market economic principles to allow the renter to check the cost of heating. It is simply childish to complain that this is against the market economy.

[SPIEGEL] Still, not much is going to be left below the line in the matter of savings. If you are unable to observe the internationally agreed 5 percent cut, does the government at least have something like a private savings target in mind?

[Lambsdorff] The Federal Government necessarily has an official rather than a private target. After all, we cannot at will change the obligations we have incurred.

[SPIEGEL] Do you believe that, by applying your liberal program and the principle of optimism, you will be able to save your skin even beyond 1980?

[Lambsdorff] It is not a question of saving ourselves, it is a question whether we can credibly explain our energy policy to the voters. I am quite convinced that the majority of federal citizens approve our approach.

11698
CSO: 3103

SOURCES, PRICE OF NATURAL GAS DISCUSSED

Duesseldorf WIRTSCHAFTSWOCHE in German 13 Aug 79 pp 14-15

[Excerpt] Of the 55 billion cubic meters of natural gas which flowed through German gas burners last year, domestic wells and the Netherlands each accounted for 37 percent, the Soviet Union contributed 15 percent, and from the bubbles beneath the Norwegian coastal waters came 11 percent.

According to the plans of the gas suppliers, consumption is to rise to 83 billion cubic meters by 1980. At that time, natural gas will supposedly have a share of 18 to 20 percent in the FRG's primary energy consumption. A decade from now, 23 percent is to come from German wells, 27 percent from the Netherlands, 20 percent from Algeria, 13 percent from the Soviet Union, and 10 percent from Norway. Furthermore, Iran is to contribute 7 percent--if the Ayatollahs are disposed to do this. Because it is precisely with respect to the Iranian portion that it becomes apparent how fragile the calculation of the gas merchants is. At the end of July, Hassan Morshed, chief of the National Iranian Gas Company (NIGC) in Tehran, announced that Iran will not be supplying those 11 billion cubic meters of natural gas to the FRG--as was planned and confirmed in a complicated triangular deal with the Soviet Union--which had been included in the calculations of the German contracting party, Ruhrgas AG, as a sure thing.

Nevertheless, to Schindewolf in Hannover the certainty of supplies is not thereby threatened. Because, according to his argument, in the 1990's it will not be necessary for "any country," aside from the Netherlands, to contribute "more to our supply than we ourselves are able to produce." However, at that time natural gas will also no longer be a cheap form of energy. To be sure, the prices which had to be paid per cubic meter dropped this year, in some service areas between 6 and just under 9 percent, to between 22 and 30 pfennigs.

Yet in April of next year at the latest, the gas suppliers will present their customers with steep price increases.

The reason: The price for the gaseous fuel is tied to the price for the liquid source of energy, fuel oil. If the fuel oil price drops or rises, natural gas prices fall or climb also after a certain interval of time--even though to a smaller extent, since the gas cost is not the only cost factor of the municipal public utilities.

Dr Peter Machinek, spokesman of Ruhrgas AG, the largest German gas distributor, reduces the price mechanism to the simple formula: "The gas price level is gradually growing along with the general price level for energy." And managing director Schindewolf of the BEB [Brigitta and Elwerath Managing Company, mbH] speaks even more plainly: "In no case will natural gas be offered below the price per calorie of competing sources of energy, especially of fuel oil."

12114
CSO: 3103

EXTENT OF COAL RESERVES NOTED

Bonn DIE WELT in German 8 Aug 79 p 14

[Article by Hans Baumann: "We Have Plenty of Coal"]

[Text] Essen--Since the rivers of oil are threatening to dry up and the development of nuclear power is limping along, because the policy makers are hesitant about making the necessary crutches for it, attention is once again focusing on our own sources of energy. Thus, by way of a large-scale drilling program a survey has been conducted of the natural resources contained within the earth in the FRG. And behold: There is coal in abundance--enough energy for hundreds of years. Some 360 billion tons of it are lying in the German "cellar" between the Ruhr and the North Sea. But the situation is as follows with respect to these treasures: They can be dug out only with difficulty.

Nevertheless, chief surveyor of mines Helmut Ruerup of Ruhrkohle AG, Essen, does not want these gigantic amounts of coal to be designated as "coal reserves." Overlying rock of up to 4,000 to 5,000 meters thickness at the North Sea end puts these coal beds out of the reach of the technical experts--at least for the present.

But also of interest is the fact given by Ruerup that north of the island of Norderney, off-shore drillings at a great depth have turned up the existence of eight coal seams with 6.9 meters of coal. This coal is located within a series of soil strata only 100 meters thick.

Even though Ruerup expressly says that as yet our mining technology has no way of extracting this coal, nevertheless he notes that these amounts of coal have so far not been incorporated into any considerations regarding the amount of our energy production, and they cannot be found in any statistics. According to Ruerup, these new data about the extent of our domestic coal are more realistic and "in many senses more reasonable than some of the futuristic visions of Mr Kahn and Mr Brown of the Hudson Institute in the United States," such as for example that of the methane gas deposits in the Gulf of Mexico, which have been well publicized.

Ruhrkohle AG has carried on explorations ever since its founding, but it has done this in an energetic way only since the beginning of the oil crisis of 1973. Some 1,340 kilometers of seismic readings have been done since then, and 134 bore holes have been drilled totaling 153,000 meters of drilling. The cost: About 100 million marks.

This work is continuing. In the current year, explorations are to cost DM 29.5 million, in 1980 around DM 31 million, and then in 1981 DM 32 million. For the next 10 years, Ruerup expects an expenditure of DM 400 to 500 million for this work.

The increase in these expenditures is justified by Ruerup with the argument that up to now there has been an inadequate amount of exploring, which now must be made up for. Moreover, he said, the mining industry shies away from venturing with its planning into insufficiently reconnoitered areas and thus running the risk of committing "technical blunders in mining."

Also, modern exploration technology is making it necessary to correct the coal-reserve balance sheet--in some cases quite considerably. Thus, following the completion of the explorations, today it is certain that in one concession section of the Prosper/Haniel Integrated Mine, at between 600 and 1,300 meters in depth, 450 million tons of coal remain unworked--a geological reservoir of coal. Earlier information had led to the expectation of only a substantially smaller amount, at a correspondingly considerably greater depth.

Yet another important discovery was made by these explorations: The stratigraphical conditions of the coal in the earth and the formation of the coal seams do not fundamentally worsen the further one goes northward along the coal bed from the coal-mining area.

Karlheinz Bund, head of Ruhrkohle AG, interprets this exploration work to DIE WELT in the following way: The enormous amounts of coal we have in our ground will not lead us overnight out of the oil pitfall. However, they do give optimistic prospects for the energy market of tomorrow, if by means of new techniques (perhaps gasification within the earth) and with the assistance of high-temperature reactors, a new era for coal is rung in.

Prof Dr Otto-Duenbier, dean of German mining technology and preacher for the maintenance of German output capacity, to DIE WELT: At present we are already short of 3,000 to 4,000 miners at our coal-pits. His demand: Do away with the hiring ban against foreigners. On the Ruerup document, Duenbier says: Our coal does have augmentable capacities, in case of emergencies. But he warns against the delusion that any neglected nuclear power plant constructions could be counterbalanced by coal on a long-term basis.

KOIVISTO RELINQUISHES HOPES FOR SPEEDY REVALUATION

Center Parties Prevail

Helsinki HELSINGIN SANOMAT in Finnish 23 Aug 79 pp 3, 7

[Article: "Center Opposition Won: Koivisto Gave Up on Revaluation"]

[Text] Revaluation or the raising of the foreign value of the markka, which was the goal of the leftwing and the trade union organizations, fell through on Wednesday when the Center Party and the RUP [Swedish Peoples Party] remained persistent in demanding that the value of the markka not be touched by special solutions.

At a meeting of the government's ministerial economic policy committee Prime Minister Mauno Koivisto (Social Democrat) decided to cut short the revaluation discussions, an action which was supported by the Center Party, and forget raising the value of the markka "for the time being".

The SKDL (Finnish Peoples Democratic League) ministers would have wanted to postpone the revaluation discussions until Thursday and Friday of next week during the budget negotiations.

After the meeting of the ministerial economic policy committee Koivisto believed that the government solution aided the budget negotiations, in which revaluation would have lurked as kind of a sideline throughout the whole negotiations.

Now the budget negotiations must be entered into with an open mind, stated Koivisto and believed that tempers within the government would calm down within a week's time.

Prime Minister Koivisto stated that his goal was to achieve such a change in the value of the markka in which the daily quotations of the markka would have been kept as before, but the Bank of Finland's authority to change the value of the markka would have been reduced 2-3 percent. I was not ready to pay this kind of a price, stated Koivisto.

On Wednesday, when the revaluation of the markka, which was promoted by the whole leftwing, fell through at the meeting of the government's ministerial economic policy committee, Prime Minister Mauno Koivisto predicted a certain amount of difficulties for the government with the trade union movement and especially the SAK [Finnish Confederation of Trade Unions].

Second Education Minister Kalevi Kivisto (People's Democrat) referred to the same issue by stating that labor movement actions for promoting the interests of wage earners now requires other measures.

The government's ministerial economic policy committee confirmed after a 2-hour strained meeting at Kesaranta that the government will not make a proposal for increasing the foreign value of the markka or for the revaluation of the markka.

It was confirmed that the issue had fallen through when the government's centrist factions opposed the revaluation of the markka as a separate measure, the government announced in a communique.

The government's leftwing factions considered revaluation to be justified and the SKDL wanted to postpone the whole matter until the budget discussions.

However, the Social Democrats led by Prime Minister Koivisto were of the opinion that the issue is to be resolved on Wednesday. Since the centrist factions had adopted the same stand, the issue was clear: revaluation was defeated.

Prime Minister Koivisto did not consider the rejection of revaluation as a political defeat for himself "even though it appeared that way". I only considered revaluation to be justified, stated Koivisto and added that he had not bound himself to any particular policy.

"A Return to a Strict Currency Policy"

Koivisto considered the rejection of revaluation to be a return to a strict currency policy. According to him revaluation would have been in agreement with a flexible currency policy after three consecutive devaluations.

In the forthcoming budget negotiations one should not according to Koivisto expect any daring initiatives from the government even though "the economic situation is not necessarily conducive to them".

In the prime minister's opinion the government will be compelled to seek solutions from a certain kind of minimum policy line or to make only such decisions on which unanimity can be reached.

Koivisto believes that a unanimous decision can be found in the budget negotiations on Thursday and Friday of next week. Koivisto wanted the

reevaluation decision out of the way "for the time being" since it would have lurked as a side issue in the budget negotiations and thus would have been a hindrance to them.

The Prime Minister stated that he is for such a revision of the value of the markka which would have made it possible to increase the value of the markka by 2-3 percent.

"I could not have been willing to pay anything for such an action," stated Kivisto and pointed out that during the negotiations the price for this solution kept rising.

Uusitalo: A Decision Is Most Important

The Center Party's first man in the government, Interior Minister Eino Uusitalo, was of the opinion that the Finnish people had gained from the government's solution.

According to Uusitalo it was essential that the government made this decision. Since there were not many alternatives, rejection was the best possible alternative, stated Uusitalo. Uusitalo emphasized after the decision that the centrist faction would have also wanted to protect the operational conditions of industry.

Uusitalo emphasized that the government is unanimous with respect to the fact that serious attention must be given to inflation. To this, Minister Kivisto added that "something should be done".

Education Minister Par Stenback also emphasized the fact that the centrist faction would like to bring up the protection of operational conditions for the export industry. According to Stenback there was no discussion, since the SDP wanted to cut off the discussions.

PKP chairman believed that the decision to reject revaluation could cause "some problems" for the budget negotiations.

Kivisto: No Reason

Second Education Minister Kivisto emphasized the SKDL's point of view that from the point of view of the supporters of revaluation there is no reason behind allowing the majority to decide on the matters one at a time.

Kivisto considered that more equal solutions would have been achieved if the matters had been decided on in their entirety.

In the negotiations the SKDL aimed for a revaluation of the markka by 5-7 percent according to government sources.

Minister Kivisto, who is also chairman of the SKDL, emphasized after the government negotiations that he does not consider the solutions dictated by the government majority to be correct.

Revaluation Controversy Traced

Helsinki HELSINGIN SANOMAT in Finnish 23 Aug 79 p 7

[Article: "Controversy from Spring Until Fall"]

[Text] The discussion on raising the foreign value of the markka or the revaluation of the markka was conducted from spring until fall. The discussion was initiated in the spring by the Workers' Economic Research Institute (TTT), which proposed that the foreign value of the markka be increased.

The whole discussion was brought to a halt by the Center Party and the RKP, which persistently opposed leftwing attempts to revise the foreign value of the markka upwards by a separate solution until the very end.

Prime Minister Mauno Koivisto (Social Democrat) took a public stand on the value of the markka for the first time on Saturday 26 May by stating that revaluation of the markka is a consideration.

Toward Midsummer's Day the squabbling in the government over revaluation became more intense. Koivisto was not able to get the government to go along when he wanted to inquire about the Bank of Finland's position with respect to revaluation.

After that, Koivisto sent a letter about this matter to the Bank of Finland and asked whether the Bank of Finland intends to make a proposal for revising the value of the markka.

The Finance Ministry prepared for the government a program for fighting inflation, in which revaluation of the markka was proposed as one of the means.

Finance Minister Ahti Pekkala (Center Party) eliminated the point on revaluation and increased the list of uncertain matters for the government by fueling the controversy over the forest tax.

At the government's night school on Wednesday 20 June Koivisto proposed raising the value of the markka and Finance Minister Pekkala answered by proposing that export deposits be collected from enterprises.

Prime Minister Koivisto rejected Pekkala's export deposits and stated that revaluation of the markka is the only practical measure for curbing inflation.

After a record sultry Midsummer's Day the government only reached an agreement on alleviation of the forest tax. The leftwing gave up on revaluation since Koivisto did not want to make a fateful question out of it for the government.

After a summer break revaluation was brought up for discussion again at the beginning of August with respect to the position that had been taken by the ruling parties in June.

On 8 August Koivisto injected the raising of the value of the markka into the government negotiations and received support from the SKDL. The Center Party and the RKP, which make up the government's majority with the support of the nonaligned Foreign Trade Minister Esko Rekola, announced that they will not approve of raising the value of the markka as a separate measure.

In the negotiations Koivisto announced the Social Democratic stand that the Social Democrats do not intend to buy revaluation. A week later on 16 August Koivisto announced publicly that revaluation is a separate solution for the Social Democrats. "It will either be carried out or not."

At the same time Koivisto rejected the Center Party's attempts to tie up the revaluation solution with the continuation of the sales tax alleviation for industry next year.

On Monday 20 August Koivisto reiterated his position regarding the necessity of revaluation and the Finnish Confederation of Trade Unions rejoined the same front by demanding that revaluation be tied up to a revision of wages. Koivisto wanted a decision from the government before the budget negotiations at the end of August.

On Wednesday 22 August the revaluation discussions came to an end when the government's ministerial economic policy committee confirmed that the matter had fallen through.

Even before this it was considered in various statements that the best time for revaluation had already gone by.

In industry the strongest position was represented by the forest industry, whose director, Matti Pekkanen, considered revaluation to be an incorrect solution. The whole time industrial leaders emphasized that if the markka is revalued, the government must guarantee the competitive ability of industry by means of tax alleviations. The Center Party and the RKP adopted the same stand.

10576

CFO: 3107

NEW NON-STALINIST SKDL ORGANIZATION TO BE FORMED IN TAMPERE

Helsinki HELSINGIN SANOMAT in Finnish 10 Aug 79 p 3

[Article: "Communist Majority to Have Own Organization in Tampere"]

[Text] The majority and the so-called Rekonenites [i.e. followers of Heimo Rekonen, who has been taking a middle position between the Stalinists and the "majority" Saarinen Communists] of the SKDL [Finnish Peoples Democratic League] have decided to establish a new SKDL municipal organization in Tampere. The current municipal organization is under the control of the party's Stalinist minority.

The majority and the Rekonenites consider the reason for the establishment of a new municipal organization to be the reluctance of the present municipal organization to carry out the instructions and policies of a reunified district organization. The Stalinists have used the municipal organization as their own cover district organization since the SKDL's Pohjois-Hame District Organization is under the control of the majority and the Rekonenites.

The Pohjois-Hame Communists buried their organizational differences a little less than 2 years ago when the SKDL's Pohjois-Hame District Organization was reunified. However, the strictest Stalinist wing remained outside of the district organization and has succeeded in keeping the Tampere Municipal Organization under its control.

The power relationship between the Saarinen majority and the Stalinists are an even 9-9 in Tampere.

10576

CSO- 3107

SKDL MINISTERS APPOINT NEW POLITICAL SECRETARIES

Helsinki KANSAN UUTiset in Finnish 25 Jul 79 p 2

[Article: "New Political Secretary for Saarto"]

[Text] Transportation Minister Veikko Saarto's political secretary is also changing. Thus all the people's democratic ministers have changed their political secretary after the formation of the new government.

Ilja Koskinen, who has acted as the secretary of municipal affairs for the SKDL [Finnish Peoples Democratic League] and as the political secretary for Minister Saarto, will return to his previous job of managing municipal election preparations for the SKDL, and SKDL Economic Manager Matti Vesterinen will become Saarto's political secretary.

Leevi Lehto, who as Labor Minister Arvo Aalto's former political secretary departed to carry out his military obligation, was replaced by Hannu Pulkkinen, the information secretary of the Peoples Educational League.

Simo Juvi, political secretary for Education Minister Kalevi Kivisto, for his part, is leaving to manage educational affairs in the Municipal League. His job will be taken over by Jouko Haapamäki from Jyväskylä. Haapamäki is a psychologist by profession and is very familiar with questions of education.

10576

CSO: 3107

MARCHAIS SPECULATES ON RENEWAL OF UNION OF THE LEFT

Paris L'HUMANITE in French 17 Aug 79 p 3 LD

[Unattributed report on PCF Secretary General Georges Marchais 16 August Radio Monte Carlo interview: "Union Must Be Created at Grassroots Level"]

[Excerpts] A Serious Problem

[Question] A union of the left is being mentioned increasingly frequently. The Socialist Party seems to be on the point of taking spectacular initiatives in this sphere. Do you believe that despite difficulties a new union is possible?

[Answer] This is a major problem, an important and serious problem. Therefore, it should be dealt with seriously and not in the way certain Socialist Party leaders have approached it.

In fact, what can we observe?

It can be seen that while Claude Estier has suggested a meeting between trade unions and parties of the left next week, Bergeron, a member of the same Socialist Party, stated 24 hours later: "I am against such a meeting." This is hardly a responsible attitude!

We find that Socialist Party Secretary Quiles has stated: "A union is needed, action must be taken, a struggle against Giscard's and Barre's policy must be waged," whereas Edmond Maire, a member of the same Socialist Party, said: "As far as I am concerned, I will wear no red-tinted spectacles." It is always a question of a policy of "recentering" whose consequences the workers are now able to ascertain. All this is hardly responsible!

Finally, we find that Jean Poperen has stated: "A union is needed to defeat the government and insure change," whereas Charles Hernu gave an interview to a newspaper on that very day during which he explained that "only the Socialist Party is qualified to achieve a union of all men of the left and all patriots." I say: All this is hardly responsible!

In any case, the Socialist Party's history speaks volumes with respect to this point.

We communists deal with problems connected with union in an infinitely more responsible manner.

Francois Mitterrand is now talking about "giving a new impetus to the union of the left." This implies that he admits that he has wrecked one.... And this is true--the Socialist Party and its First Secretary Francois Mitterrand were responsible for wrecking the union of the left and abandoning the joint program. If he had not acted in this way, the left would now be in power and there would be no unemployment and no inflation....

A Union Opened to All

We communists have learned from experience connected with the joint program. We made clear what lessons we have learned at our 23d congress and the first conclusion we reached was that we must restate our attachment to union.

This is why I was right to say the other day that in the face of the harmful consequences of the Giscard d'Estaing and Barre policy I was "ready to form an alliance with the devil" in order to defend the interests of the workers in the face of unemployment and price increases. As far as we are concerned, attachment to union cannot be dissociated from our struggle, because union is valuable only if it goes hand in hand with struggle.

We want to keep no one out. We want to see a union of all the people who are willing to fight against this government's policy.

But what we are saying--and this is the great lesson which we have learned from the joint program experiment--is that such a union must be formed at grassroots level to prevent the Socialist Party leaders from wrecking it whenever they decide that this is advantageous to them. If you want to make it irresistible and endow it with the strength necessary to defeat the government and force it to give way to the demands in support of which the workers are waging a struggle, you must organize union at grassroots level and entrust it to the workers themselves, not to political leaders.

Looking at it from this angle, there are many opportunities [word indistinct] a union at grassroots level.

CSO: 3100

DEFENSE THEORIES OF 'NEW RIGHT' ATTACKED

Paris LE FIGARO in French 30 Jul 79 pp 1, 5

[Commentary by Paul-Marie de la Gorce: "The Majority and European Defense"]

[Text] Are the "new right's" methods applicable to defense problems? There are some indications which might lead us to believe so. But in this case as in others, the greatest risk--if one wants to understand the problem and make up his own mind--is the risk of confusion. Because, as a matter of fact, the line of demarcation between opposing views in the debates on defense matters does in no way continue to follow traditional divisions. On this particular issue, the government's opponents are on its right. Or to be more exact, they are inside and within the limits of its [parliamentary] majority.

What is this actually all about? It is an offensive action designed to revive the issue of a European defense establishment, in opposition to the current concept of a national defense establishment. This action is being taken in certain circles and by men, some of whom clearly advocate Europe's political integration, such as is done in a brilliant, controversial, and provocative book, "Euroshima," written by a professor, Pascal Fontaine, and two military officers, Lieutenant Colonel Doly and Captain Cagnet. In addition, there are other men who take a more cautious approach and confine themselves to calling for a new defense policy more or less approximating European military integration.

Also involved in such advocacy are some former general officers and former diplomats who are defense "advisers" to several parties of the majority and a few members of parliament, even of the RPR [Rally for the Republic]!

Yet the point is that in taking such a stance they are at variance with the policy of the president of the Republic and of the government. Giscard d'Estaing personally took action to preclude having any defense issues raised in connection with 10 June [European parliamentary] elections so as not to give the slightest impression that these issues could be related to the building

of Europe or be subject to European institutions. His principal cabinet ministers were just as categorical.

Basically how is this defense issue being raised? In essence, two "new facts" are being advanced as justifying a fundamental change in French defense policy, namely the supremacy gained by the Soviets and the uncertainty surrounding American protection. No one denies the immense results obtained by the Soviet defense effort. The real question is what should our appropriate response be. The response advocated by the authors of "Euroshima" and a few other commentators would consist in an effort of similar scope, an effort deemed possible for the continent which is more populated and much richer than Russia. But to begin with, this response is unrealistic in that the smaller European countries--Netherlands, Belgium, Ireland, and Denmark--realize that their military influence is definitely of minor importance and hence they will not hear of a massive increase in their defense effort. In other countries, such as Italy, the political and social situation is so serious that they fear it will produce a major crisis.

In the book "Euroshima," the cost of a European defense system is set at 4 or 5 percent of the gross national product. For France, which currently allocates 3.6 percent of its GNP to its defense, this would mean an additional outlay of 12 to 38 percent in real terms. Consequently the public is likely to reject becoming involved in an endless arms race with the Soviet Union. But above all, such an effort would mean choosing a strategy which offers Europeans no assurance of superiority and hence of success. We would wear ourselves out by making tremendous expenditures for conventional forces--or for tactical nuclear weapons--without any certainty of counterbalancing Soviet power, and at the same time we would deprive ourselves of the resources necessary to the expansion of the only force which deters anyone from attacking us, namely our national deterrent force.

As a replacement for the nuclear protection provided by the United States--protection which is no longer credible since that country would, in retaliation, be exposed to the strategic forces of the USSR--opponents of French defense policy recommend French-British nuclear protection for other European countries. This would, of course, presuppose Europe as being considered a single political entity and having its security depend upon a single political authority. In short, Europe would be more or less politically and militarily integrated. And that is precisely what the opponents of French defense policy want to ultimately achieve.

There are three objections to this concept:

1. The fact is that our European partners have the same objections we do to the credibility of the American "umbrella." They argue that between France and Great Britain on the one hand and the Soviet Union on the other, there would

be the same mutual deterrence as the one which exists between the United States and the USSR. In other words, they would, therefore, employ their strategic nuclear forces solely in their own defense.

Freedom of Choice

2. Furthermore, it is still their firm objective to bind the United States to their own security as much as possible. Hence designing a nuclear defense system from which the United States would be completely removed and in which it would play no part whatever, would mean further, and perhaps decisively, estranging themselves from the United States.

3. Yet at the same time, in a domain where the stakes involved are life or death, liberty or slavery, there is absolutely no doubt that France's best interest lies in retaining its ability to assess the situation and its freedom of choice. It does not lie in cribbing and confining itself within an automatic system in which France would be the "prisoner" of political decisions its government would not have necessarily approved.

This does not mean there is nothing to be done in the immediate future. The way is still open for all types of European arms cooperation. Past cooperative programs, ranging from Jaguar [aircraft] to the Roland [surface-to-air] missile, were definitely substantial successes. But a great deal still remains to be done. We must not, however, have any illusions about this task. From the "deal of the century" [European coproduction of U.S. F-16 fighter] to Belgium's recent purchase of armored vehicles, American industry continues to obtain most of the contracts. This situation is attributable once again to the desire of most European NATO countries to do their utmost to further the American commitment on the European continent.

But above all, our national deterrent force still has to be expanded. In contesting this force, the opponents of French defense policy frequently point to the new situation created by the deployment of Soviet "Eurostrategic" weapons and their capability of striking at military forces and installations in Western Europe.

However the conclusion to be drawn from this new situation is not to expand conventional forces which would be at the mercy of these new Soviet weapon systems, but rather to perfect the invulnerability and effectiveness of our deterrent capability. If we do this, there will then be at least one European country capable of securing by itself alone its survival and its freedom. If we do not, then what good would it be to talk about Europe?

8041

CSO: 3100

TEN CITIES REPORTED GETTING POLICE CANINE UNITS

Paris LE FIGARO in French 7 Aug 79 p 9

[Article by Jacques Dubessy: "Police in Ten French Cities Will Have Canine Units by Year's End"]

[Text] Not a day passes without criminals employing new methods in an effort to make their "business" more profitable. The police, who are responsible for the protection and security of persons and property, must, therefore, take immediate countermeasures. If the individual policeman's efforts prove inadequate, at times, then his best friend--in this particular case, a dog--can help restore balanced strength to this occasionally deficient security and protection. Approved in early 1979 by the General National Police Directorate, small canine units are gradually being placed into service and have already proved highly effective.

To find the first instances of dogs being used to guard persons and property, one has to go back to the earliest days of antiquity, to ancient Rome, for example. With the passing years, man has perfected his training and employment of this loyal companion. Today, he uses him in many capacities: as an aide to policemen and customs officials, and to detect and locate drugs, find people buried under avalanches, and assist lifeguards on beaches. Abroad, in cities like London, police employ more than 200 dogs. Such countries as the Federal Republic of Germany and the Netherlands have also realized for many years now what valuable assistance dogs can render.

In France, the cities of Lyon, Marseille, Rouen, Reims, Nancy, and Toulon already use dogs for similar purposes. Now, however, the number of "small canine units" is to be increased. Some are already operational and others will be by the end of 1979 in the following 10 cities: Chalons-sur-Marne, Saumur, Lorient, Melun, Saint Quentin, Dijon, Nimes, Lille, Tours, and Mulhouse. To obtain a better grasp of the operation and duties of these units, we visited the unit in Melun, Seine-et-Marne.

Obtained from the army, the four 2-year old German Shepherds--Archt, Gin, Yutz, and Buck--had just completed their training jointly with four police officers and one police sergeant, all volunteers for such duty. Director Lanfray of the department of Seine-et-Marne's urban police forces explained: "These dogs will be used by patrols for day and night surveillance of public thoroughfares, parking lots, and isolated areas. They will participate in police operations conducted on the site of attacks and robberies. They can also be used in the apprehension and arrest of dangerous individuals or reinforce policemen transferring these same criminals."

Pinning a Fugitive to the Ground

The training of these "four-footed policemen" demonstrates how a dog can be much more effective than a man in certain situations where the offender virtually has absolute immunity, for example, when fleeing in the dark or through a crowd. Released, like a shot, some 60 meters away from a fleeing person, each of these dogs succeeded--even though wearing a muzzle--in knocking the fugitive to the ground and pinning him there until his trainer arrived. During the incipient stage of a typical public free-for-all, the mere presence of two of these dogs was enough to restore peace and quiet in a matter of minutes, whereas before their appearance, a battle royal had appeared inevitable.

These dogs can be employed round-the-clock. Each one of them actually costs the government no more than 4,000 francs per year. Thus they can compensate for an insufficient number of policemen, particularly in cities where insecurity due to juvenile delinquency is becoming increasingly alarming.

The sole restriction imposed on the activity of these silent policemen is that they will not be used for maintenance of order or for demonstrations on public thoroughfares.

8041

CSO: 3100

GOVERNMENT REPLIES TO PAPANDREOU INTERVIEWS

Athens TO VIMA in Greek 4 Sep 79 p 6 AT

[Text] In response to two interviews given by PASOK Chairman A. Papandreu to Athens newspapers, a government spokesman has issued the following statement:

"1. The PASOK chairman indefatigably repeats his well-known slogans. In addition to his official confirmation that his party is a Marxist party, for reasons of sensationalism he now launches the pyrotechnics of his alleged readiness for an early electoral confrontation. He can say this without any risk. He knows that according to the constitution, adherence to which he recommends to other people, the life of the current Parliament will end in November 1981 and that there is absolutely no reason for early elections.

"2. PASOK is earnestly trying to convince public opinion that it is a party of power. However, the Greek people know that parties of power are only those which are characterized by a feeling of responsibility and are in a position to implement programs instead of making generous promises. This is the reason PASOK will never exceed the boundaries of a party of protest.

"3. The PASOK chairman claims that he is ready to contest power. However, the opposite is the case. He is gripped by fear lest he find it necessary to undertake the responsibility of power. The Greek people are gripped by the same fear.

"4. To convince the people of PASOK's maturity and ability to turn slogans into action, the PASOK chairman has announced the preparation of a government program. Nothing is easier than the publication of a program among the hundreds of programs that are circulating in the world at this moment. The problem is not the presentation of a government program, although PASOK admits that even this is missing. The problem lies in the ability, possibility and will to implement it. So far, PASOK's declarations of programs have proven to be nationally dangerous, politically unrealistic and economically disastrous.

"5. The PASOK chairman is not a newcomer to politics. He has a government past regardless of how much he wishes to forget it. Consequently, he has been tested and the results of his policies are well known. For this reason, he can neither give guarantees nor inspire confidence regarding an effective exercise of power.

"6. The PASOK chairman speaks of a political and a national deadlock. He knows that there is no national, political or economic deadlock regardless of how much he tries to exploit the international crisis. The national deadlock will be created should his views on the country's withdrawal from NATO be accepted, thus facilitating our opponents. The political deadlock will be created should power pass into the hands of demagogues.

"The government is responsibly handling the country's national, political and economic issues. The people share the same feeling. For this reason, similar pyrotechnics will pass unheeded."

CSO: 4908

'THREATS AND REPRISALS' AGAINST ALLIES DISCUSSED

Athens ESTIA in Greek 31 Aug 79 p 1 AT

[Editorial: "Threats and Reprisals"]

[Text] Although we oppose any idea of reprisals and extortion against friends and allies every time they err, this time we will support every relevant warning on the part of Greece in reference to the central problem in Greek-U.S. relations, that is the unreserved adoption of the Haig plan by the U.S. administration. This is the totally unacceptable plan of the retired chief of NATO which provides for taking operational control--and therefore the sovereignty--of the Aegean away from Greece and entrusting it to the alliance while our country and Turkey would be given an equal portion of Aegean space so that nobody could complain.

We have stated that we support such a warning--even though, at least officially, it is denied that such a warning was made by the Greek Government--that if there was an attempt to unilaterally implement the Haig plan this would result in the closure of operations on U.S. bases in Greece. It is naturally impossible that while such a stark violation of sovereign rights takes place--tantamount to unheard of dishonesty against an allied country--that this should remain unanswered and unpunished. Consequently a warning from the Greek side that there would be reprisals is understandable at least so that the Americans may know that such an act will not remain without consequences and so that all others should realize that even a small country like Greece can demand respect of its sovereign rights which guarantee its territorial integrity and national dignity.

Naturally any possible fulfillment of the rumored warning on the U.S. bases could possibly have a sequel, some other dishonest act in reprisal on the part of the "Metternichs" of the State Department and "cowboys" of the Pentagon. Even in such an eventuality there are still margins for reaction on our part. It must also be stressed for the benefit of those in Washington who think that they can at will "redraw the map" that if Greece were to be lost to NATO although the loss would be equally heavy to both sides it would be far greater for the Western alliance because without Greece the Turkish factor would be neutralized while Italy would become extremely insecure being deprived of the protection of its rear by the two countries--Greece and Turkey. The U.S. officials, therefore, ought not to push things to extremes. It is possible that in the end they will come to realize that they are not as strong as they imagine. The difference is that by the time they realize this it may be too late.

STATISTICS SHOW INCREASING FOREIGN INVESTMENT IN GREECE

Athens I VRADINI in Greek 6 Aug 79 p 13

[Text] The foreign interest in investments in Greece is increasing. According to Coordination Deputy Minister St. Dimas there was a large increase in approvals for foreign capital imports during the first 6 months of the year—a fact which proves the confidence the foreign investors have in investments in our country.

More specifically, according to Dimas, during the 6-month period between 1 January and 30 June, imports of foreign capital totaling 163.6 million dollars were approved in accordance with Law 2687/1953 compared to 86 million dollars during the corresponding 6-month period of 1978 and to 149.8 million dollars for the whole year of 1978.

Since Law 2687/1953 went into effect and until June 1979, approval was given for imports of foreign capital for productive investments totaling 4 billion dollars. Of these, 1.4 billion dollars have been imported.

A significant increase is also noted in the approval of productive investments in accordance with Law 4171/1961. Thus, during the 1 January-30 June 1979 period, 14.5 billion drachmas of investments were approved compared to 11 billion drachmas during the corresponding 1978 period and to 23.5 billion drachmas during the whole of 1978.

Productive investments totaling 210.2 billion drachmas have been approved in accordance with Law 4171/1961 and investments of 70 billion drachmas have already been certified.

Foreign Investments per Law 2687/1953

According to Bank of Greece data, the amounts imported into Greece in foreign exchange (USA dollars) for investments under the provisions of Law 2687/1953 are, by country, as follows:

Country	Amount in \$
England	20,396,566
Austria	11,285,462
Belgium	4,942,477
France	214,875,422
Germany	68,618,425
Denmark	707,889
Switzerland	83,057,075
USA	314,242,753
Japan	16,377,863
Italy	34,381,510
Canada	7,049,578
Liechtenstein	11,257,140
Holland	11,426,689
Panama	101,575,963
Sweden	3,272,384
Other Countries	526,814,680
Total:	1,430,311,879

7520
CSO:4809

CREDITS GRANTED TO IMPROVE, INCREASE AGRICULTURAL PRODUCTION

Athens I VRADYNI in Greek 28 Jul 79 p 13

/Text/ /Agriculture/ Minister I. Boutos announced yesterday that credits totaling 1,300 million drachmas were approved for financially assisting those farmers who will develop an activity toward improving and increasing their production. More specifically, by intensifying the farmers' activities, it is aimed to increase the productivity in the following agricultural branches:

1. The sectors of arboriculture and olive tree and vine growing will be restructured gradually and progressively in accordance with the demands of the domestic and foreign markets and by improving and escalating production thus expanding the exporting period.
2. In the sectors of vegetable and flower growing the objective will be to modernize the technical and cultivation systems for further improving their quality. Also, the aim is to increase the non-seasonal vegetables with a corresponding exploitation of such increase in expanding and increasing our exports, and to increase the production of improved flower products in order to meet the increased demand of the domestic market and especially to increase exports during the winter season.
3. The program of increasing raw materials for the production of quality wines will be continued.
4. Also, it is aimed to promote the use of specialized machinery. In the area of plants of extensive cultivation, proper machinery is being purchased and modern irrigation methods are being introduced.
5. Similar machinery is also being introduced in the cultivation of maize, legumes and cotton in order to increase the production of these products and to decrease their cost. Also, the massive second and early cultivation of maize is being promoted.
6. Special attention is given to the cultivation of herb and medicinal plants through the exploitation of soils of low productivity.

Where It Will Be Given

Specifically, the financial assistance will be given to farmers who are engaged in the following activities:

- a. Replacement of varieties of fruits whose sale is becoming difficult and the implementation of new technical methods in arboriculture.
- b. Cultivation of walnut and chestnut trees.
- c. Usage by olive tree cultivators of the means necessary (plastic nets, oil cloth, etc.) for collecting the olives.
- d. Installation of hothouses (metal, wooden, etc.) for early and late season production.
- e. Promotion of the cultivation of strawberries, the exporting of tomatoes, asparagus, out of season vegetable and flower products and herb and medicinal plants as well as the experimental cultivation of the soya bean.
- f. Expansion of vineyards which produce choice wines.
- g. Expansion of the use of automatic irrigation through machinery using gasoline or electricity.
- h. Procurement of machinery for shelling, selecting and standardizing dry fruits, for dry-rooms for maize, as well as machinery for drying maize, alfalfa and sorghum as well as machinery for cotton cultivation.
- i. Installation of storage spaces and the purchase of equipment (for selecting, maintaining, etc.) as well as the implementation of experimental storing of navel oranges before freezing.
- j. Greater usage of seed of improved varieties and the purchase of pesticides and fungicides.

Also, forest cooperatives and forest workers will be assisted as well as individuals working in forest jobs so that they can purchase the machinery necessary for exploiting the public forests.

7520
GSO:4908

BRIEFS

EARTHQUAKES IN ZAKYNTHOS, IOANNINA (Patrai, 30 July, from our correspondent)--
An earthquake tremor of medium intensity was registered in Zakynthos at 1750
hours yesterday, while a minor one was felt in Ioannina at 0424 hours.
/Text/ /Athens TA NEA in Greek 30 Jul 79 p 17 7520

CSO:4908

FRYDENLUND ANALYZES ASPECTS OF NORTH-SOUTH RELATIONS

Oslo AFTENPOSTEN in Norwegian 24 Aug 79 p 9 LD

[Interview with Foreign Minister Knut Frydenlund by Jon Lie: "North-South Conflict the Most Important'--'Cooperation With Europe's Exposed Democracies Is Strengthened']

[Text] [Question] There is talk about a local European dimension to the North-South question. Many quarters have stressed the need to strengthen the most exposed democracies in southern Europe; the unrest on NATO's southeast flank, in particular, has made such an approach of great present interest. Realistically speaking, what can Norway do in such a context, Mr Frydenlund?

[Answer] We now have that question on the table in a quite concrete sense, the foreign minister answered. Norway chairs the European Council's ministerial committee until November, and at the last meeting it was decided that the foreign ministers meeting in November should concentrate on the North-South problem in Europe. We strongly support this thought, especially since Norway was previously very reserved in contacts with Spain, Portugal, Greece and Turkey.

Today this situation has changed; we have very strong contacts, mainly with Portugal and Turkey. We have opted for concrete aid with the idea that we must support democratic powers. When they had other regimes we were among the most critical nations, especially in NATO. In addition, the process of democratization in southern Europe is one of the most encouraging things to have happened during the last few years, which otherwise have not been too bright in the international contexts.

Norway has been given the responsibility of presenting a report on recommendations for measures to strengthen cooperation between North and South in Europe for the foreign ministers meeting in November. We were pleased to take on this task. Especially since there are a number of rational economic arguments in addition to our wishes to secure the democracies. Within the last 10-15 years there has been a migration from south Europe to the industrial centers in central and

northern Europe, which is not only objectionable from a human viewpoint but also probably also irrational economically. I have a feeling that those responsible for this migration at the time, be they German, Belgian, French or Swiss, now would prefer to move their factories to south Europe if they could make the decision today. Move money instead of people, with the big problems that creates.

Another point is that the European Council is looking for new work areas that could strengthen the council if it could become a kind of umbrella organization for this North-South dialog in Europe. After all, the council is the only institution that brings together all West European countries; it is a unique organization in many ways--the majority of the world's democracies are in the European Council. Even if the European Council has a completely different importance than before, we have also reached a situation where the European Council is the only parliamentary assembly in Western Europe that has representatives in the national parliaments.

[Question] What are the prospects for getting something concrete done with these problems? Is the climate favorable for results?

[Answer] It would be feasible. In the first instance we want to record what already exists. OECD, for example, has an extensive program for Turkey. NATO has a science program for transferring technology to the southern member countries, which can be developed. After that we will gain an understanding of which suggestions are realistic and can lead somewhere, and which are so unrealistic that they have to be discarded. The European Council cannot be in charge of the actual aid and contact program but it is important that one organization has an overview of what is happening.

[Question] What signs do the biggest and richest industrial countries give? Are they showing any active interest or is it Norway and other "ideologically" oriented countries that are prompting?

[Answer] The decision at the foreign ministers meeting in May was unanimous, but it has not yet been established how concrete this interest is. For the aid program to Turkey it is important to note that the FRG played a central part.

[Question] Norway participates in a number of international organizations. People often ask whether anything other than piles of paper come of these talks. Do we have to take part in all this?

[Answer] It is interesting to hear that people also say that. There are different opinions. On the one hand we have the opinion that assumes Norway must interfere nearly everywhere, and these demands mean a clear overestimation of our capacity and our possibilities. Take the questions put to the foreign minister in the Storting; there are almost

no limits as to what we are expected to do. We must solve the refugee problem in Southeast Asia; the problem of the position of women in Iran and a number of other complex situations. On the one hand very great demands are made. On the other there is obviously another opinion that thinks we are too much involved.

The Storting plays a big part, and there it has been taken for granted that Norway must play as active a part as possible all over the world. We try to follow this up, but it is evident that we lack the capacity and we also have to fight exaggerated expectations. We must find a balance, and I want to make it clear that we are in a fairly good position in international connections. We find people have a positive opinion of Norway; we have a fairly good image--there is no doubt that we both can and do play a part in international connections.

We have a bottleneck--a lack of internationally trained people who can perform in such connections. The Dutch, for example, are more internationalized and that is why there are more Dutch people in international organizations than Norwegians.

Membership of the Security Council is, however, a good lesson for us to see what we can do to contribute to solving international problems. We have been there for a year now, so there is a good reason for us to evaluate what we can do. I have gradually filled the building with so-called special advisers, which neither the Finance Department nor the administration are happy about, but one of the ambitions I have now is to find a group of people that can solve conflicts and are available when they are needed and our participation is wanted. It is clear that the small countries are the most dependent on international cooperation and have the biggest interest in promoting it. Our basic opinion is that a lack of organization between countries is one of the main problems in the world today.

[Question] Traditionally there has been great agreement as regards Norwegian foreign policy. What role does informal opinion play for the shaping of our foreign policy?

[Answer] It plays a big part, just as the Storting does. Norway is a country where public opinion has an essential influence on foreign policy. It is impossible to pursue a foreign policy against the will of the people in this country--I have tried it a few times with no success, the prime minister says ironically, stressing the fact that in many other countries foreign policy is considered a field for cool experts who operate without a sidelong glance at spontaneous expressions of views or public opinion.

Public opinion is very strong here in this country; you can see this in, for example, questions of human rights, humanitarian questions of all kinds, the refugee situation and so forth, where we simultaneously received both praise and blame, Knut Frydenlund said.

The most dominant thing in the world in the near future is no doubt the North-South conflict. This is in spite of the fact that for the moment this conflict is pushed in the background by the Western industrialized countries, which do not take it seriously enough. They are continuously more occupied by the East-West conflict and local conflict areas. Gradually, however, the North-South conflict will be increasingly acknowledged as containing the big conflict in the years to come, the foreign minister pointed out.

In this connection Norway is in a fortunate situation. At an early stage the Foreign Ministry informed the Storting that it had positive attitude toward the principle of North-South cooperation. As a result Norwegian representatives and negotiators have had a positive attitude in international forums. This has led to a situation where we are considered one of the industrial countries that show understanding toward Third World demands.

In international organizations the industrialized countries have a big chance if they recognize their opportunity.

There is an opportunity to get the Third World to join an international integrated economic system. This demands a clear effort for us to accept developing countries as partners and to open our markets to products from these countries. Every industrialized country is very pleased when it can sell a completed factory to a developing country. It is when this factory begins to produce finished products that the difficulties arise.

The Norwegian philosophy has been based on solidarity and the Christian idea of loving your neighbor, but it is important to realize that a new trend in the international economic system is also in our own interest. Especially economically. Such a development will obviously demand structural changes which will be unpleasant for us. Against this background I am disappointed with the UNCTAD conference in Manila.

The developing countries make many unrealistic demands. When they have agreed to stick together in the Group of 77 the reason given is especially this: They have pooled their demands. They have been able to do this because they have never had to face real negotiations with the industrialized countries but have been able to maximize their demands in such a way that there is the necessary scope for all within the group. In real negotiations the Group of 77 will have to give in on simple matters, and then friction will occur.

Norway could very simply assume the role of bridgebuilder since we have considerably fewer economic contacts than other industrial countries with the developing countries. On the other hand, we face difficulties in the developing countries' demands for a principle of cargo distribution in shipping. This /could/ [published in italics] lead to big

problems for us and to conflicts in relation to the developing countries, but it is possible to find forms for cooperation, thus avoiding conflicts.

[Question] What forms of cooperation could be realistic?

[Answer] One would be that Norwegian shipowners together with developing countries would run "joint ventures," which is a far more constructive way than the digression relating to flags of convenience which is also being debated within the Group of 77. Many things indicate that the flag of convenience may disappear in a few years' time and also that we will have real forms of cooperation with developing countries. Norway has experts, we have ships and we can have joint enterprises with the developing countries. In this way we will also have allies on that side. [answer ends]

In his speech in Manila Frydenlund pointed out that Norway agrees with the demands for a new economic world system, as has been shown by its considerable contribution to the raw material fund. But he made no secret of the fact that Norway has vital interests to protect in shipping which he assumed the developing countries would understand.

[Question] Which will be the most important organizations as regards developed North-South cooperation?

[Answer] Primarily UNCTAD, which the developing countries consider their organization, and which has become something like a trade union. In industrialized countries the OECD plays an important part and will continue to do so. Otherwise the various UN organizations will be of importance. Especially the so-called North/South Committee, with Secretary of State Thorvald Stoltenberg as chairman, may be important in coordinating different undertakings and trying to secure progress in the work. The developing countries are busy strengthening UNCTAD and making it a central organization, which has met with opposition from the industrialized countries which think that already existing organizations should be used, such as the World Bank, the Monetary Fund and so forth.

CSO: 3108

EIA'S ONAINDIA ON RELATIONS WITH RADICAL ETA ELEMENTS

Madrid BLANCO Y NEGRO in Spanish 8-14 Aug 79 pp 26-28

[Interview with Mario Onaindia by Fernando Arbuso: "Former ETA [Basque Fatherland and Liberty Group] leader and EIA [Party for the Basque Revolution] Secretary General Onaindia: 'Someone or Other Negotiated With the Government'"; date and place not given]

[Text] Were there or weren't there contacts between the (p.m. [politico-military]) ETA and the government concerning the Soria prisoners? Was it only an inept justification by the ETA in the face of the criminal attempts in Madrid which, according to their frenzied explanation, were a response to the failure to abide by the so-called agreements? Mario Onaindia, a former member of the ETA prosecuted in Burgos, secretary general of the EIA a group akin to the ETA (p m), together with Bandres personifies a plan to normalize the situation in the Basque Country based on acceptance of the recently negotiated statute. But the serious political contradictions and the continued resorting to violence practiced by the two branches of the ETA are making Onaindia and those in favor of an exclusively political road within the political road within the nationalist left...walk on the edge of a sharp knife.

[Question] When did they inform you of the Madrid events?

[Answer] Whereas Bandres was in Madrid at that time, I had been in Vitoria for about week. In fact, I came to Basque Country when approval of the Guernica Statute was completed.

[Question] At first, and minutes after the news became known, Juan Maria Bandres denied that the ETA (p.m.) was responsible for it. In those first moments did Mario Onaindia think this organization was the one responsible for that slaughter?

[Answer] My first reaction was to think that that deed was absolutely inconceivable and it did not occur to me that the ETA (p.m.) or any other Basque Country group had perpetrated it. The deed seemed and still seems to me to be totally and wholly monstrous. On being told that it was the ETA (p.m.), which if it had in any way distinguished itself, it was precisely for having sought a political way out and whose aim was precisely that of solidarity with the rest of the masses of the state, really, an action of this sort seemed inconceivable to me.

[Question] However that may be, there was another precedent: the attempt against Gabriel Cisneros.

[Answer] In the case of Gabriel Cisneros, his death was not brought about by chance. The ETA (p.m.) was seeking to kidnap someone and it turned out badly. Actually, trying to be selective fits into the armed struggle. They were not against the first person they saw, but rather were attempting to come across a key individual who opposed the statute. Actually, I do not perceive any precedent to this specific action and what took place on 29 July.

[Question] In all 13 bombs were placed in different tourist areas on the Mediterranean coast between 27 June and 4 July for the purpose of having the imprisoned Basques returned to Basque Country and in the general watchword of the "Estatutoarekin pre soak etxera" ("On behalf of the Statute, to the liberation of the detainees") campaign. One of them--10 went off and three were exploded by artificers--was timed just right to take two lives. Actually, this was the first of the bombs placed by the Basque armed organization.

[Answer] In any event these were far more controlled actions and their purpose was to achieve a psychological effect. This can hardly be interpreted as a direct attempt against the Spanish people.

[Question] However you look at it, it did damage tourism, which is one way of hurting the Spanish people.

[Answer] All right, I admit these actions had a direct impact on the Spanish people by harming tourism. All that is true and I recognize that this was the negative aspect of the motives leading to the perpetrating of those actions.

Putting One's Foot in It, "Mea Culpa"

[Question] Were the events at the end of July the first you, as a political party, criticized?

[Answer] They were the first armed actions we overtly criticized. We certainly do not agree with all of the actions that have taken place up to now. But on this occasion we came into the fray to denounce it with all our might. On the other hand, the gesture of the ETA (p.m.) in telling where the bombs were so that they might be defused, was the gesture of one who understands

that he has put his foot in it. That action was in no way justifiable and was the classic action of classic terrorism. It is placing bombs in a station however much one may later attempt to control this. This had never been done before the ETA or rather on other occasions under Franco's regime; but at this time of ideological change, I believe it is a far more serious deed. What I would ask is that it be analyzed within its context: To me the error resides in becoming absorbed in very concrete dynamics which are not those of all the people of Basque Country.

[Question] In 1976, the Seventh National of the ETA (p.m.) endorsed the decision to create a party dedicated to an exclusively political struggle; thus it was that the EIA (Party for the Basque Revolution) was created. Isn't it a contradiction to confront the ETA (p.m.) when the EIA was created by a decision of the revolutionary organization itself?

[Answer] I do not believe any contradictions exist. We are endeavoring to make a new policy in Basque Country and one of the worst evils existing in Basque Country is tribalism. The immense majority of the political parties' militants here have no spirit of criticism with respect to their political party. Here, people belong to a political party as one does to a church and everything one's party does is fine. What the others do is bad. The EIA's assembly tried to stop this. At that assembly there were members closer to Herri Batasuna than to the party's own leadership and there were discussions. But the party has emerged more united. One must not forget that criticism is a revolutionary weapon and that without it a party of leftist elements cannot exist. That also has to be applied to the ETA (p.m.). When we feel that the ETA (p.m.) is not pursuing the right line, we will criticize it in a private or public way just as we do with any other group.

[Question] It may be thought that while ETA (p.m.) is the one carrying out the political analyses and really directs Herri Batasuna's activities, it is the EIA which does the same with the ETA (p.m.).

[Answer] I believe that is so. This is a problem for the one effecting political initiative, the leader of a given group as a whole. The party is the one that must control the party.

[Question] In that case one is publicly admitting that the ETA (p.m.) is the armed branch of the EIA.

[Answer] We are not a cover for the politico-military ETA. They are two completely different organizations and consequently the ETA (p.m.) is not our armed branch...

[Question] There nonetheless exists a very close relationship.

[Answer] The two organizations came out of the same assembly and there is a similar foundation; however, specifically by giving priority to the mass struggle with respect to the armed struggle, the latter must be subordinated

to that mass struggle. Whereas in the case of Herri Batasuna it is different, including the fact that since its establishment the strongest group of the coalition is none other than the military ETA itself.

[Question] The criminal attempt occurred at a time when little or nothing could have an effect on the statute for the autonomy of Basque Country.

[Answer] The statute is virtually achieved. But so to whether there may be negative repercussions these involve the integration of Navarra, which is of the same substance as the statute itself. On the other hand, it would have a negative effect on the transfer of the Soria detainees to Basque Country to the extent that it appears to be a criminal attempt against the Spanish people.

[Question] The EIA has at all times defended and joined in the struggle for the statute signed in Guernica and that in the face of all the harsh criticism which the rest of the nationalist left has voiced in regard to it. Should the subject of the Basque detainees of Soria be dealt with through the legal means which the statute's framework provides?

[Answer] This is what I was telling you previously concerning a tribal policy. What is meant by the phrase "With the statute the prisoners go home?" We do not say that with the statute the detainees may get out. We demand that with the statute all prisoners be released, which is a very different matter. When we cry out that the prisoners leave under the statute, it means that we want the prisoners to leave now and not wait until other alternatives are negotiated or that higher levels of self-government be reached so that the detainees may leave. Actually, this idea is fully endorsed by the majority of the Basque people.

"Before Implementing the Statute, Let's Have All the Detainees Freed."

[Question] In that case in your party what is the real significance that you confer upon the statute for autonomy?

[Answer] The statute for autonomy is a piece of paper, a stinking piece of paper which can be used by the right and then an autonomous policy of right wing elements is created with education under right wing elements and the entire statute is given a right wing interpretation. The statute of autonomy can have participation by the left which will see to it that education in Basque Country that is at least progressive, an education that is not racist but makes possible the development of Basque culture, an education which can create a democratic awareness and one with elitism.

The fact that there exist detainees in Soria, and I go back to your earlier question, does not allow us to focus solely on this. Making the Guernica statute positive requires a certain political rationality and seeing that the Soria detainees find themselves in subhuman conditions of course does not enable us to fulfill this task. For us it is absolutely essential that there be no detainees when the Guernica statute begins to be implemented. Paradoxically, what is happening is that there are people who are not supporting

the release of the detainees now because they feel that they should remain in prison until the KAS [Patriotic Socialist Coordination] alternative is negotiated. Curiously, there existed a confrontation in San Sebastian and we were clamoring that with the statute the detainees would go home; they, on the contrary, were expressing other watchwords not wanting the detainees to be released by virtue of the statute.

[Question] Passage of the statute and the ETA (p.m.)'s self-criticism with all that this action implies and its intention to give up the armed struggle "on behalf of the statute, for the release of the detainees," can they give an even harder blow, a final blow to the Herri Batasuna nationalist coalition and to the military ETA, at least to the former in a psychologically emotional way?

[Answer] Herri Batasuna has never taken a stand in this respect. I at least have never read an objective criticism, as assessment, relating to the statute for autonomy. I believe Herri Batasuna has played the most skillful political trick. Saying that this statute was not going to be passed and hence opposing it. The fact is that very few people thought it could succeed but we made this gambit and we have won. I am sure that if the Basque Country left had not staked its entire political capital on the success of the statute, it would have succeeded. If we had started off with doubts, it would not have come off in the way that it was actually drawn up. For us this strategy was vital so that it might take us onto the road not only toward independence but also toward socialism.

For that strategy the existence of a statute representing the democratization of the police, of education and a few democratic institutions was an essential condition to the extent that if the statute had not been obtained, under those circumstances we would have started everything over again from the Seventh Assembly up to now. We placed our stakes on this course and we guessed right.

Now we have the opportunity of putting the political development which we had been seeking for years into practice. Herri Batasuna said that this statute would not come off, but now that it is a reality, I think that they ought to undertake self-criticism. On the other hand, wanting to create a state in which self-determination is included, is demagogic. They are two contradictory concepts in that we can want self-determination for independence but it makes no sense to create a statute for autonomy with self-determination. What Herri Batasuna should do is to stop attacking other parties and reflect upon what way out it intends to use in this situation. What can be done so that Navarra becomes part of the autonomous Basque community and thought must be given as to how to institute the right of self-determination and which path is best to attain socialism and independence. What Herri Batasuna has to do is not to think of how many things the statute does not contain, but rather of the specific things which I mentioned previously; if not, they will pay heavily for their negligence.

A Sea of Doubts

The press conference carried on with the ETA (p.m.) through various informants of the Basque Country has left a sea of doubts especially on examining the communique drafted by the organization itself. The ETA (p.m.) is giving up the actions intended to exert pressure on the government so as to bring about the return of the Basque detainees to Basque Country. Then it talks of devoting itself to other spheres, such as the citizen movements, of the working class, cultural movements, etc. Does this mean a gradual abandoning of ETA (p.m.)'s armed struggle?

[Answer] I think that if the ETA (p.m.) did not criticize the act committed in Madrid, it would be taking the first step towards its own total disappearance. And this would happen because it would have confused everything, the armed struggle and the terrorism. In making its self-criticism, it is the first armed group to have done so; it indicates that it has taken the armed struggle issue very seriously. In any event we will have to wait and see what develops.

[Question] The second point that is not really clear involves the accusations charging that the armed struggle organization had high level contacts with the government.

[Answer] ETA (p.m.) used a man of the ETA (p.m.) itself or a man having its complete confidence.

[Question] In any event it has frequently been said that that person was none other than the president of the Basque General Council, Carlos Garaicoechea.

[Answer] They were not going to present such a significant trump card to Garaicoechea nor to anyone else. On this issue there are two specific points: One is that there allegedly were talks between the minister of justice and Carlos Garaicoechea concerning the future of the Basque prisoners and the other the negotiations between the ETA (p.m.) and the government on the same issue. However that may be, the Basque Nationalist Party's posture is hesitant on the matter. The other day an editorial in the daily DEIA said that amnesty had to be granted to Soria detainees...

[Question] The ETA (p.m.)'s "excuse," in that according to them the bombs which caused the death of seven people and some 100 injured in Madrid stations and its airport were set there as a warning to the government for not fulfilling the contracts" agreed upon.

[Answer] Look, that is a subject which is tabu. In Basque Country, talking about negotiations with the government is a forbidden topic which requires a great deal of sangfroid and responsibility on the part of the group having to face up to it.

The interview we had with Mario Onaindia before he left his home in Vitoria to go on a holiday left us with two major questions not fully answered. Will the ETA (p.m.) give up armed struggle? Is it possible that there actually were negotiations between the government and the Basque organization? Among Basque political circles in the south of France the following comment was being made: "It is difficult to predict what stand the ETA (p.m.) will take." A few, a very few, think that in the light of the statements made to the press the other day, those [of the ETA (p.m.)] will disappear. Many others here say that their giving up will be temporary, for a month or two. Along these lines a resident of Bayonne summed up the views that have been discussed up to now in the neighboring country's refugee political gossip centers: "The fact is that scarcely anyone among us believes in the first mentioned possibility." In Anglet, a former ETA member was to tell us: "The ETA's two branches have at one time or another held talks with the government. They have done so on at least three occasions and at one or another of them a minister or former minister of Suarez was directly involved. One has to realize that the politico-military elements were striking lethal blows against the tourist industry and the government had no choice but to negotiate."

Certainly nothing gives rise to the idea, at least not on a short-term basis that Basque Country is heading towards a definitive peace. Last 2 August Basque refugee Juan Lopez Agui, a member of the ETA (p.m.) fell mortally wounded, this being the seventh attempt over the past year against Basque refugees in the northern part of Basque Country. A counter blow was not long in coming. Civil guard Juan Jose Tauste Sanchez, 26 years old, was struck down by bullets as he left his home. Between the two criminal attempts 48 hours had not elapsed.

8094

CSO: 3110

BRIEFS

RELATIONS WITH EQUATORIAL GUINEA--Speaking yesterday at a ceremony at which the new Spanish ambassador to Equatorial Guinea presented his credentials, Lt Col Teodoro Nguema, the country's leader, said that all that Guinea possesses is at the disposal of the Spanish nation and that his country's relations with Spain will be in a privileged category. The new Spanish ambassador, Jean Batista de Andrade, said that it is evident that the Guinean people are firm in their desire for friendship with Spain. He said that Guinea is in need of a lot of aid and that Spain will play its part in providing this. Lt Col Teodoro Nguema said that there is scope for setting up joint Spanish-Guinean business concerns and for cooperation in fishing. Ex-president Francisco Masie was yesterday transferred to Malabo jail from the jail in Bata, where he had been held since his arrest. According to observers, this move appears to be a sign that his trial may begin soon and earlier than had been forecast. [Text] [Madrid Radio in Spanish to Europe 1030 GMT 4 Sep 79 LD]

CSO: 3110

'HURRIYET' REPORTS ESTABLISHMENT OF KURDISH GROUP 'PKK'

Istanbul HURRIYET in Turkish 2 Aug 79 pp 1, 15

[Text] Political purposes with foreign sources are understood to lie behind the bloody raids that have followed one another with ever-widening dimensions recently in the eastern regions.

Light was thrown on certain dark points in this regard by a bulletin left during a raid night before last on Kirbasli Village, in which is located the home of Nuri Avci, whose father-in-law is RPP District Chairman, and where JP[Justice Party] Urfa National Deputy Mehmet Celal Bucak had gone for dinner.

The 3-page, mimeographed bulletin indicated that a "Partiya Karkere Kurdistan" -- PKK (Kurdish Labor Party) -- has been formed.

The bulletin, which in a way bears the nature of a declaration of the founding of the party, states that its goals are "to establish a democratic people's dictatorship in an independent Kurdistan."

This secret organization, which seems to have taken courage to act from the expansion and effectiveness of the Kurdish movement in Iran, is trying to gain influence in the region where the Kurdish tribes are located and wants to intimidate those who do not favor them with the attacks they arrange.

PKK members, known locally as "APO'ers," point out that, by announcing their support for the Kurdish movement in Iran, they hope to bring about a Kurdish revolt in Turkey also.

The bulletin left during the attack states the founding goals of the party as follows:

"To raise the struggle for liberation which the people of Kurdistan have pursued for centuries against foreign domination and local cooperators to the level of a national war of liberation against the domination of capitalist exploitation under the new social conditions to which this will lead and to join in the struggle for class liberation, to organize and direct the Kurdish people in this struggle..."

In order to develop this movement, the PKK is trying to obstruct Turkey's political unity, and, figuring that an agreement between the JP and the RPP would enhance Turkish unity, is working to sabotage actions which might bring this about.

In this context, the PKK has accepted the authority of the Turkish state, and by showing that they can get to those who serve in its parliament, even if they are of their own origins and wherever they may be, it is trying to spread fear and thus increase its influence.

The raid conducted yesterday in retaliation for this attack was for the purpose of getting out the word that actions of this sort could only be a mid-night hit-and-run type thing and proving that revenge for them would be taken without delay.

The PKK, pointing out openly in its bulletin that it is in support of the Kurdish movement in Iran, says that its behavior is an inseparable part of the world socialist revolution, the basic strength of which is formed by the socialist nations, national liberation movements and working class movements. This explanation conforms closely to the statements by Celal Talabani, the leader of the Kurdish movement in Iraq.

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EFFORTS TO INCREASE SALES ABROAD CONTINUE

Istanbul CUMHURIYET in Turkish 7 Aug 79 pp 1, 11

[Text] CUMHURIYET News Center -- As Turkey's efforts to increase sales abroad continue, Adana Chamber of Commerce officials report that Saudi Arabia has inquired into purchases of perfume, cosmetics, ceramics, antiques, gift items and various foodstuffs.

Trade Minister Teoman Koprululer, in Albania where he went at the invitation of Albanian Foreign Trade Minister Nedis Hoxha, "will try to ensure mutual expansion of the volume of trade between the two nations."

Also, it is pointed out that Albania has shown a great interest in Turkish goods following the severance of commercial relations with the People's Republic of China.

Trade Ministry authorities say, "Teoman Koprululer is our first minister to make an official visit to Albania. Albania, at present, wants to realize fully the 1979 Trade Protocol signed with our country in the amount of \$22 million (approximately 1.1 billion liras at current rates) and even to purchase more."

Albania's desire to purchase mechanical items such as lathe cutters, drills, gear-type machinery, tobacco-cutting machines, pumps and various measuring devices is particularly welcomed.

Nigeria

Teoman Koprululer will also go to Nigeria in the near future and will try to develop our commercial relations with that country, it is reported. It was pointed out that Nigeria wishes to purchase from Turkey hats, caps, leather belts and construction materials.

A delegation of Turkish Petroleum Corporation, Petroleum Office and Trade Ministry officials will go to Damascus to tie up the fuel-oil purchase in the protocol signed by Koprululer during his trip to Syria 2 weeks ago.

Applications

In addition to these, Adana Chamber of Commerce officials report that Saudi Arabia has applied to our country for the purchase of perfume, cosmetics, ceramics, antiques, gift items and various foodstuffs; Algeria for cotton thread, textile products, rawhide and shoes, thread and cloth; and Kuwait for bird seed and sunflowers.

According to information given by officials, Britain has applied to Turkey for dried fruit and vegetable imports.

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POSSESSION OF BANNED PUBLICATIONS RULED 'NOT A CRIME'

Istanbul CUMHURIYET in Turkish 7 Aug 79 pp 1, 11

[Article by Isik Kansu]

[Text] Ankara (CUMHURIYET Bureau)--Board of Jurisdictional Disputes has upheld the decision and rationale made in April by the Ankara Martial Law Court that "possession of banned publications is not a crime."

According to information obtained, the Court's chief prosecutor called, in his statement, for the Ankara Martial Law Court's decision to be overturned. The Military Supreme Court denied the chief prosecutor's request and upheld the decision that "possession of banned publications is not a crime."

What the Decision Says

At the conclusion of the suit brought against Zeki Kiyan, a Medical Faculty student among whose class notes copies of "Progressive Youth Association" publications were found in a search of the lecture hall conducted by police at Hacettepe University on 8 January 1979, the Ankara Martial Law Court acquitted the student, issuing a written rationale.

The decision, written by President Senior Judge Col Hamdi Sevinc, Tank Senior Col Ahmet Erdem and judge member Air Judge First Lt A. Fahir Kaycan, contained the following view in summary:

"To subject to penal investigation for the crimes implied in mass-circulation publications, individuals or members of any association or organization who read, have in their possession or keep in their home libraries such publications is to perform an act contrary to the rule of law."

The written judgment stressed, moreover, that "in a nation which values the right of possession, the collection one by one without permission of the owner of any printed work, sometimes widely respected or of value, is one of the greatest blows that can be struck against the development (physically and in the realm of ideas) of society."

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